MISUMI Group Inc.

Annual Report 2008

It's all about TIME

MiSUMi

Profile

Since its establishment in 1963, MISUMI Group Inc. has been a powerful "behind-the-scenes" presence supporting the Japanese machine industry. One of the Group's first achievements was the standardization of press die components by means of innovative catalog sales operations. The Group has continued to grow by providing the products customers require with high quality, low cost, and short delivery periods.

The MISUMI Group's innovation and foresight have led to a unique business model and management style that have earned high evaluations and are continuing to inspire other Japanese companies to undertake important innovations. In line with our slogan "a battle against time," we are making relentless efforts each day to achieve further increases in customer satisfaction and management efficiency. We are continually augmenting the sophistication of our MISUMI QCT Model for concurrently optimizing quality (Q), cost (C), and time (T) factors as well as applying farsighted management strategies to provide powerful support for manufacturing industries in Japan and elsewhere throughout the world. That is our objective and our mission.

Contents

Forward-Looking Statements

This annual report contains forward-looking statements regarding the MISUMI Group's plans, outlooks, strategies, and results for the future. All forward-looking statements are based on judgments derived from information available to the Company at the time of publication.

Certain risks and uncertainties could cause MISUMI's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's business, competitive pressures, related laws and regulations, product development programs, and changes in exchange rates.

Consolidated Financial Highlights

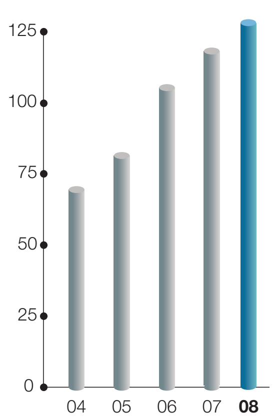
MISUMI Group Inc. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Change	Thousands of U.S. Dollars
	2008	2007	**2008**/2007	**2008**
For the Year:				
Net sales	**¥126,665**	¥118,139	7.2%	**$1,264,249**
Factory Automation Businesses	**62,279**	56,344	10.5	**621,607**
Die Components Businesses	**34,514**	32,796	5.2	**344,490**
Electronics Businesses	**12,957**	11,836	9.5	**129,321**
Optical-Related Businesses	**5,954**	4,333	37.4	**59,424**
Diversified Businesses[3]	**10,961**	12,830	(14.6)	**109,407**
Operating income	**16,317**	15,643	4.3	**162,863**
Income before income taxes (and minority interest)	**16,296**	15,999	1.9	**162,651**
Net income	**9,698**	9,447	2.7	**96,797**
At Year-End:				
Total assets	**¥ 92,596**	¥ 84,244	9.9%	**$924,205**
Total equity	**71,302**	63,751	11.8	**711,669**
Interest-bearing debt	**2,164**	1,717	26.0	**21,600**
	Yen		Change	U.S. Dollars
Per Share Data[2]:				
Net income	**¥ 109.72**	¥ 108.42	1.2%	**$1.10**
Cash dividends	**23.00**	22.00	4.5	**0.23**
Equity	**805.33**	725.45	11.0	**8.04**

Notes: 1. U.S. dollar amounts have been converted from Japanese yen, for convenience only, at the rate of ¥100.19 to U.S.$1, the approximate rate of exchange at March 31, 2008, as described in Note 1 of Notes to Consolidated Financial Statements.
2. The Company adjusted figures retroactively to reflect a stock split on April 1, 2006.
3. The Company deconsolidated Nippon Kaiyo Co., Ltd., (sold in June 2006) in the first half of the fiscal year ended March 2007, the formerly wholly owned MULTI-BITS Corporation (70% of shares sold in October 2006) in the second half of the fiscal year ended March 2007, and MICREED Corporation (sold in September 2007) in the second half of the fiscal year ended March 2008.

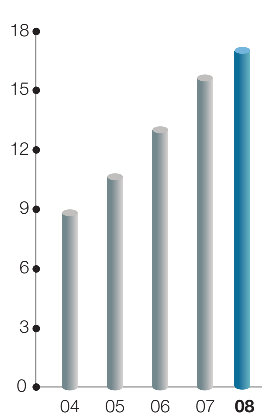
Net Sales

(Billions of Yen)



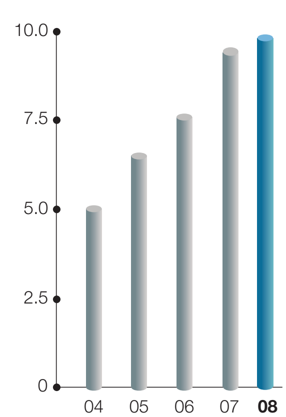
Operating Income

(Billions of Yen)



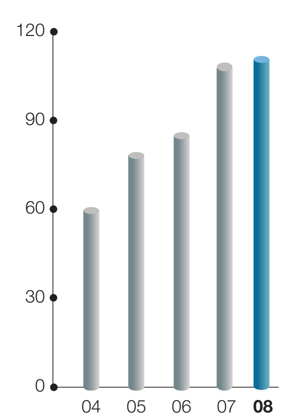
Net Income

(Billions of Yen)



Net Income per Share

(Yen)



Chairman and CEO, Tadashi Saegusa

President, Masayuki Takaya

To Our Shareholders

Leveraging MISUMI's business model to support the global manufacturing industry
Growing in leaps and bounds, driven by international business expansion

Another Year of Strong Performance in the Fiscal Year Ended March 31, 2008

In fiscal 2007, ended March 31, 2008, consolidated net sales grew 7.2%, to ¥126.6 billion, while operating income rose 4.3%, to ¥16.3 billion. Both figures represent record highs for the sixth consecutive year. Net income advanced 2.7%, to ¥9.6 billion, a record high for the fifth straight year. In the six years since fiscal 2001, when we created a new management team, consolidated net sales and operating income have surged by approximately 2.5 times and 3.3 times, respectively.

In addition to support from positive trends in the Japanese economy, we believe the MISUMI Group's dynamic growth reflects six years of relentless efforts to effectively leverage our unique business model and implement various reforms.

In particular, expansion in our international business reaped considerable benefits and propelled rapid growth in our business scale. Our overseas sales more than quintupled in the period from fiscal 2001 through fiscal 2007, from ¥4.4 billion to ¥25.8 billion and surpassing more than 20% of net sales.

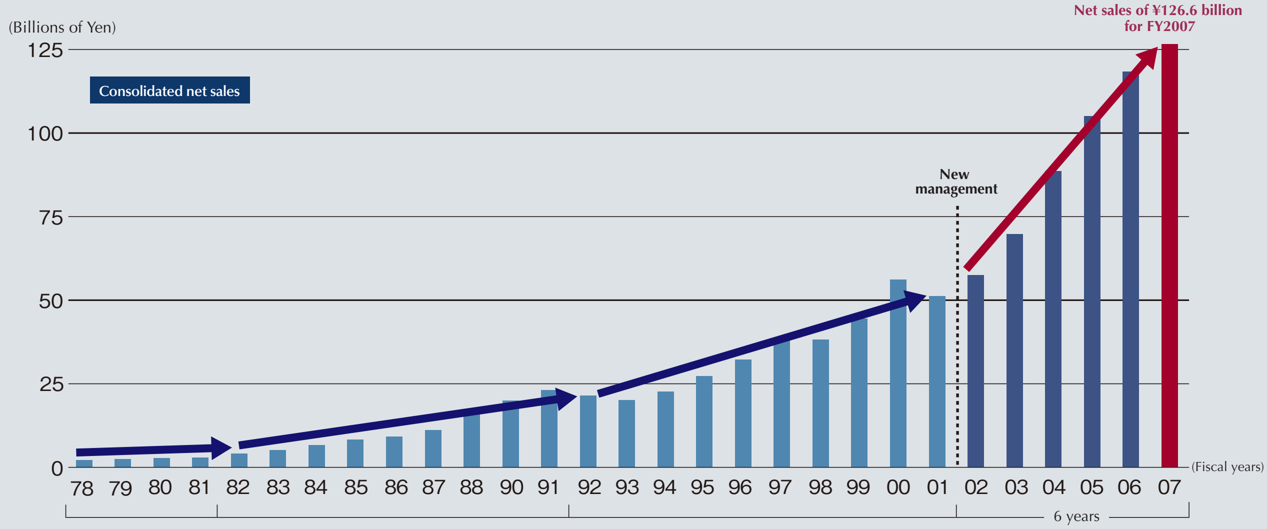
Using a Unique Business Model to Revolutionize Component Procurement

Three or four decades ago, the work of die and mold designers was quite time-consuming and costly, even when filling an order for a single component. First, blueprints were created for each item. Then, one of the many small-scale component makers scattered throughout Japan would be contacted to place an order after negotiating price and terms of delivery. The period from order to delivery would be about two to four weeks. Once delivered, the components needed to be checked against blueprint dimensions and, in some cases, remade.

As a result, component procurement required long lead times and entailed considerable labor expenses for various processes from order placement through manufacturing. That and small-lot production made component manufacturing inefficient and quite costly.

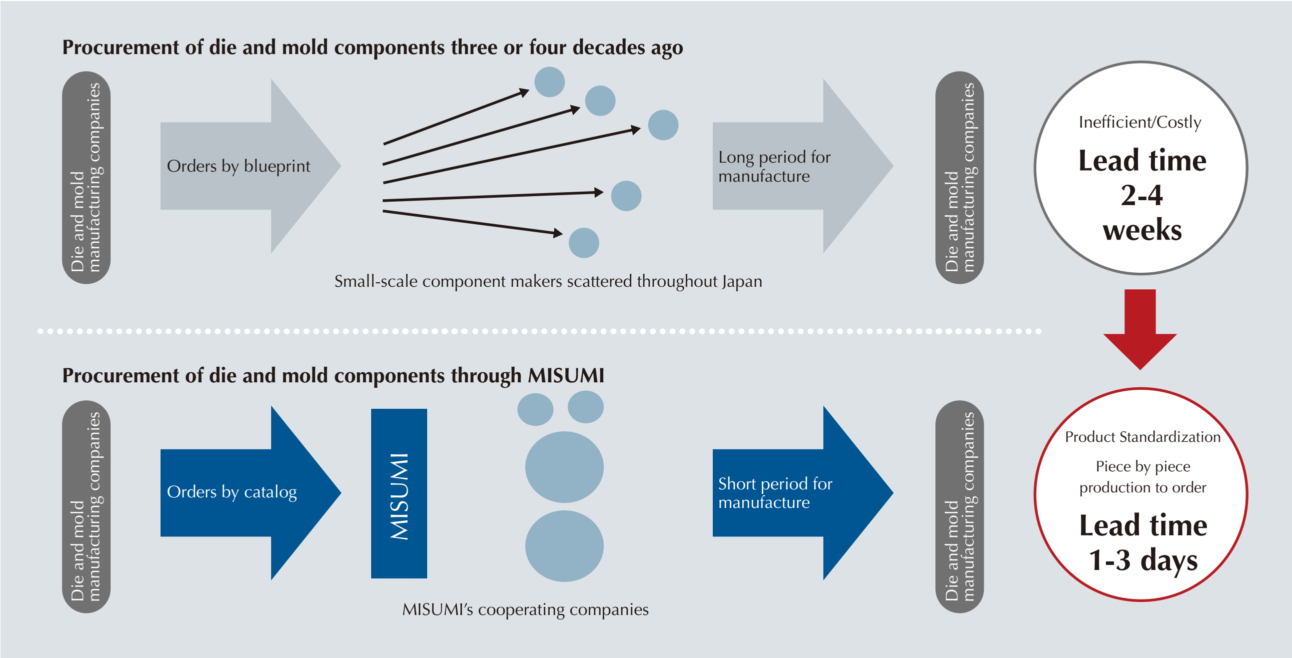
MISUMI's business model has revolutionized component procurement. First, we partnered with small-scale component makers scattered across Japan and began catalog sales. Next, we

Growth of the MISUMI Group



Note: FY89 has been omitted because of a change in the fiscal term.

Reform of Component Procurement Enabled by MISUMI



standardized many components previously available only through special orders and listed them in our catalogs. At the same time, we realized a "single-unit rapid delivery" system called "piece by piece production to order" that ordinarily completes deliveries within three days of order and sometimes can make deliveries in a single day. The two concepts— "standardization" and "single-unit rapid delivery"—may seem at odds with each other in a single production process, but MISUMI's business model achieves competitive superiority in both.

Using MISUMI's catalog, customers can place orders by simply choosing component material and dimensions from a list. Compared with the old method of having a designer create blueprints for each component before placing an order, the new method saves considerable time. Moreover, catalogs list discounted prices for larger-volume orders, so customers save time that would have been spent negotiating prices. The serial number for the item that matches the customer's material and dimension specifications becomes the component number that MISUMI's order center sends to partner manufacturers' plants. The makers need only look at the number to know exactly what component to produce.

Using "Half-Made Products" to Simultaneously Realize High Quality, Low Cost, and Short Delivery Periods

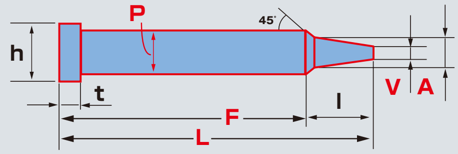
MISUMI's business model is unique in many ways, a product of many years in the making. MISUMI's catalogs offer a million types of products. Account for the different materials and dimensions available and the total number of unique items offered climbs to several dozen sextillion. How can we offer this extremely wide range of product variation with short delivery times while keeping inventories at minimal levels? The key is our use of "half-made products." MISUMI keeps inventories of such "half-made products" and uses them to make finished products in response to customer orders.

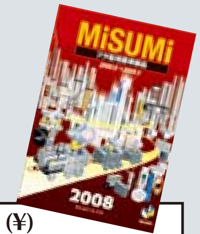
The "half-made products" are mass-produced at such sites as our large-scale plant in Vietnam. In this way, we can reap benefits from selecting the optimal manufacturing site and generating scale merits. At the same time, the finishing facilities located close to the customer can leverage the merits of small-lot production, short delivery periods, and minimal inventories. The synergistic integration of mass-manufacturing and small-lot production systems has enabled us to realize the MISUMI QCT Model to maximize quality (Q) while minimizing cost (C) and delivery times (T).

Standardization Method

A. Component

Precision one-step core pins





B. MISUMI Catalog

TYPE (material)		L 0.01 mm interval	P 0.005 mm interval	F 0.01 mm interval	A 0.01 mm interval	V 0.01 mm interval	Price (¥) Quantity 1～4	5~12	13~19	20~50
CPVB -1C	1	14.00~100.00	0.800 ～ 0.995	12.0~95.0	P＞A ≧V	0.50 ～	¥3510	¥3334	¥3159	¥2983
	1.5		1.000 ～ 1.495				3180	3021	2862	2703
	2		1.500 ～ 1.995				3180	3021	2862	2703
	≀	≀	≀	≀		≀	≀	≀	≀	≀
	20	30.00~150.00	16.000~19.995	28.0~145.0		5.00 ～	8620	8189	7758	7327

C. Customer's Order

TYPE	L	P	F	A	V
CPVB-1C2	42.06	1.655	37.2	1.1	0.5

→ MISUMI → Manufacturer's production site

Thus, MISUMI's strengths lie in high profit margins made possible by the standardization of its original products; the marketing of most items under the MISUMI brand; the early introduction of a time-centered strategy featuring our "single-unit rapid delivery" manufacturing system; and our extremely broad array of numerous product items.

MISUMI launched this business model in die components 30 years ago and later grew substantially by applying the model to factory automation (FA) components, machine tool components, and other items. In particular, the scale of our FA components business has grown rapidly. In fiscal 2007, sales in this business expanded fourfold compared to six years earlier.

Thorough Implementation of the MISUMI QCT Model Overseas

Confident that our business model is fully suitable for overseas markets, we have emphasized the expansion of international business during the past six years. As a result of rapid growth in our international operations, we now have 16 sales offices, seven logistics centers, and seven plants in 11 countries outside of Japan. Currently, we issue 22 kinds of localized (local language/local currency) catalogs in seven countries outside Japan. This is a considerable increase from 2002, when we offered only four kinds of localized catalogs for Korea and North America.

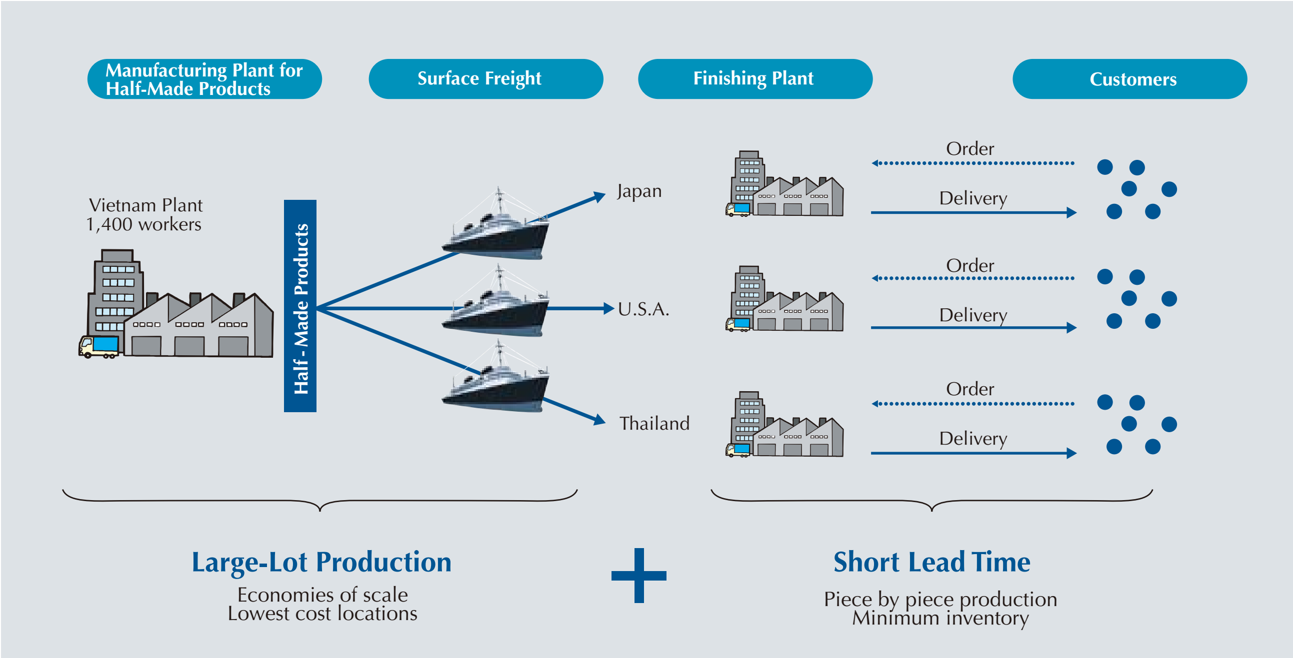
In April 2005, we integrated our operations with those of SURUGA SEIKI CO., LTD., which until then was our largest partner manufacturer. The inclusion of that company's manufacturing and technological capabilities has enabled us to accelerate our overseas expansion. Since 2005, we have expanded our overseas manufacturing network to include bases in China, Korea, Thailand, North America, and Vietnam, as well as a plant in Poland that began operating in July 2007. Moreover, in March 2008, we acquired SP PARTS CO., LTD., which until then was a partner manufacturer in the field of precision machinery components for the FA business. We are positioning SP PARTS as a core manufacturing base for our FA business and anticipate that this strengthened FA business system will further accelerate our international business expansion.

We plan to grow international sales to 30% of net sales.

Proactive Reforms Designed to Promote Corporate Growth

Previously, MISUMI employed a completely fabless company model that entailed having no manufacturing capabilities and also

Competitive Superiority in Both Standardization and Single-Unit Rapid Delivery



outsourcing information systems, call centers, and other functions. Obtaining the manufacturing capabilities of SURUGA SEIKI was a crucial means of realizing our international business expansion. Believing that each stage of a company's evolution will generally require that a company assemble a somewhat different set of internal capabilities, we have proactively undertaken various reform measures aimed at promoting growth.

Regarding our current manufacturing capabilities, we have brought the capabilities of SURUGA SEIKI and SP PARTS into the MISUMI Group and used Group-owned land and structures to establish the MISUMI Production Park, a centralized production base in Kobe's Akamatsudai district to which nine partner manufacturers have been invited to establish plants. Moreover, we have reduced the number of our domestic call centers from 13 locations to 2 locations, and we directly manage those two remaining order centers. We already manage our own order-related IT systems, and we began building a new mission-critical system in fiscal 2008. By equipping ourselves with these in-house capabilities, we are strengthening our capability to realize the MISUMI QCT Model in Japan and overseas. We are confident that this will promote our business expansion going forward.

Constantly Promoting Organizational Evolution and Management Personnel Development

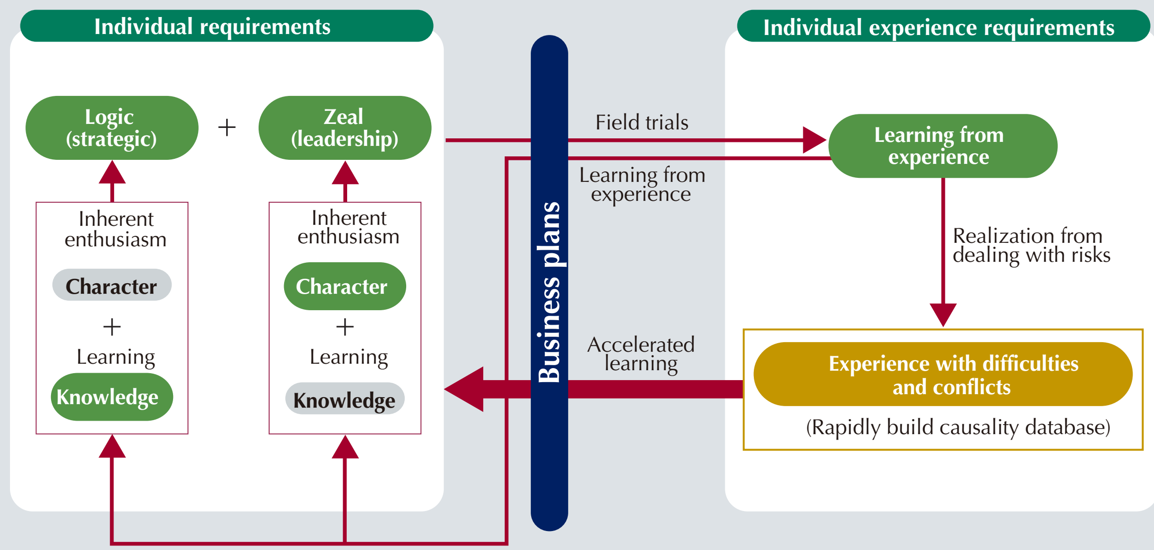
We of the MISUMI Group Inc., rather than focusing on business growth alone, have positioned the cultivation of management personnel as a top-priority objective. Management personnel development first entails identifying people with the dynamic enthusiasm and rationality required to become an excellent manager. We then help those people gain experience working on the front lines of business operations, so that they can learn from that experience and use what they learn to strengthen their personal abilities.

We are confident that this is the optimal process for fostering the development of good managers.

MISUMI's management personnel development has the following special features.

- We use a method that we call "cell split management" to split organizational units up into teams with about seven or eight members, so that each team member bears a broad range of business responsibilities. Each team operates as if it is an independent company, charged with the full range of responsibilities for product development, manufacturing, and selling. The result is an environment where employees can exhibit their management prowess.

MISUMI's Management Creation Framework



- Once each year, each business team and business department drafts a "business plan" to promote the revision of business plans. Thorough deliberations on these business plans help all employees—from new hires through the president—to gain a shared understanding of strategic objectives. After that, each team and department can be given additional authority to autonomously attain those objectives.
- We run diverse training and idea-sharing programs, including the President's Strategy Training courses, designed to promote the strategic thinking skills managers need; the Directors Educational School, designed to train a reserve pool of employees capable of bearing team leader responsibilities; the Directors Management Forum, a session covering the basics, which the president chairs; and an open forum, where ordinary employees and we or the president can interact in a question-and-answer format. Through these programs, we are doing our best to foster the development of many future managers with outstanding capabilities.

Aiming to Make a Great Contribution to the World

By thoroughly implementing its MISUMI QCT Model, the MISUMI Group is seeking to progressively expand its business scale. In particular, by continuing to make leaps and bounds in our international operations, a growth driver for the MISUMI Group, we seek to make a contribution through behind-the-scenes support for the world's manufacturing industry.

We would like to thank shareholders for their continued confidence and ask for your sustained understanding and support going forward.

October 2008

Chairman and CEO Tadashi Saegusa

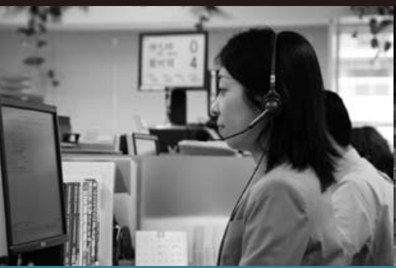
T. Saegusa

President Masayuki Takaya

MISUMI's Business Reforms

Proactive Reforms Designed to Promote Corporate Growth

Based on the view that "each stage of a company's evolution requires a somewhat different set of internal capabilities," the MISUMI Group is working to strengthen the MISUMI QCT business model and accelerate its expansion by providing behind-the-scenes support to manufacturers worldwide.



Consolidating and Directly Managing Call Centers

For the MISUMI Group, which is engaged in catalog-based marketing activities, order-taking facilities are a crucial means of interacting with customers. Because of this, the Group has made strengthening its order-taking capabilities a key management objective. In January 2008, it completed an order-taking network transformation that entailed shifting from the use of 13 outsourced call centers throughout Japan to the use of 2 directly managed call centers (one in Tokyo and one in Kumamoto).

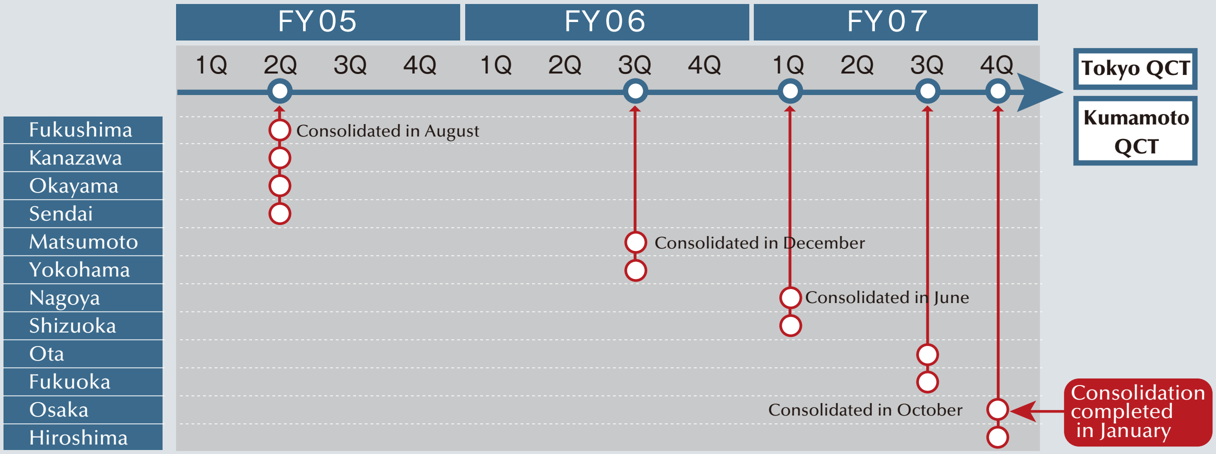
The MISUMI Group's call centers' work is very complex and challenging, involving a million diverse types of products, order reception from more than 100,000 corporate customers, order placement with approximately 1,000 cooperating manufacturers, and responses to a wide variety of inquiries. The previous outsourcing of call center management left customer interfacing in the hands of people outside the Group and made it difficult to pass complaints on to relevant MISUMI units. Other problems with the previous system included the use of temporary contract employees and the difficulty of elevating the skill level of such employees.

The call center consolidation has generated various benefits, such as enabling the concentration of operation and standardization of processes and strengthening collaboration between call centers and business units in a way that facilitates answers to complicated inquiries. Moreover, the associated execution of concentrated investments in information systems has made it possible to increase operational efficiency. MISUMI's direct management of the facilities has led to improved operational processes, the gathering of customer and market data, and the acquisition of more product-related information and other feedback. Thus, the Company is now better positioned to internally accumulate business data and know-how as well as to upgrade call center staff skills and realize associated gains in productivity and service quality.

MISUMI has already achieved considerable increases in the call centers' order-processing capacity, precision, and speed, and call center operational costs during the fiscal year under review were down approximately 20% from those in the previous year. Furthermore, the amount of time required to respond to customer inquiries has been reduced by roughly half.

In line with the MISUMI QCT Model, MISUMI plans to continue bolstering the competitive strength of its order-center functions so that it can be more responsive to various customer needs and thereby further increase customer satisfaction.

■ **Consolidation of Call Centers**



Completed the Call Center Network's Consolidation into Two Facilities

Consolidating Manufacturing Capabilities at MISUMI Production Park

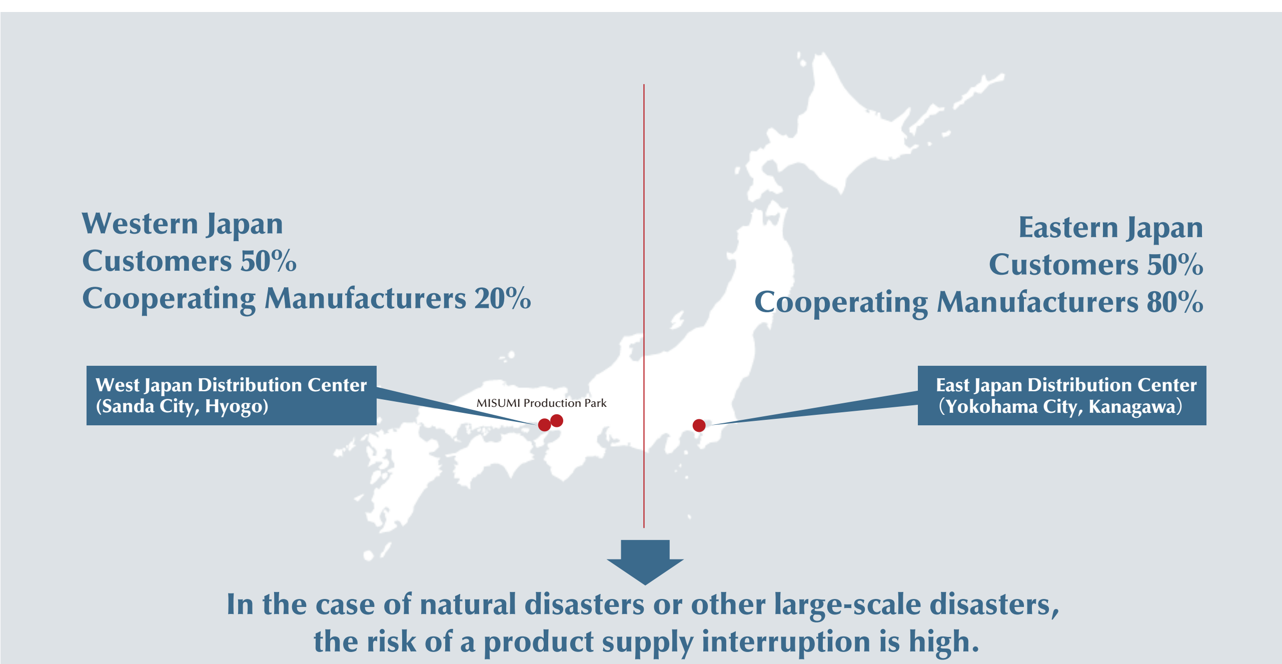
MISUMI Production Park is a collective manufacturing base that brings a number of machinery component makers together in a single location. The MISUMI Group has invested approximately ¥4.5 billion to establish this base in Kobe's Akamatsudai district. Now hosting nine companies, the park was inaugurated in three stages—the first three companies began operating in October 2007, an additional three smoothly commenced operations in April 2008, and the remaining three will start up their full-scale operations in fiscal 2009.

The MISUMI Group's customers are evenly distributed throughout Japan—with about half in western Japan and half in eastern Japan. On the other hand, the Group's cooperating manufacturers' bases are mostly in eastern Japan—with about 80% in eastern Japan and only 20% in western Japan. In view of this situation, the Group has decided that establishing additional manufacturing capabilities in western Japan is a crucial way to bring its capabilities closer to customers and disperse capacity to reduce the risk of a supply interruption following an earthquake or other natural disaster. MISUMI Production Park enables the Group to achieve this goal while maintaining the outstanding technologies of its cooperating manufacturers.

Moreover, because MISUMI Production Park is located nearby the Company's West Japan Distribution Center, the new complex is helping reduce shipping expenses, while consolidating the facilities of numerous cooperating manufacturers has reduced the land acquisition- and construction-related investment expenses. There are various other benefits of the new complex—for example, the consolidation of energy facilities and other shared utilities systems is making it possible to lower running costs.

By helping expand the business scope of machinery component manufacturers with excellent technological skills, the MISUMI Group is contributing to the further development of Japan's manufacturing capabilities.

■ **Ratio of MISUMI Customers and Cooperating Manufacturers in Western and Eastern Japan**



Acquisition of SP PARTS and Acceleration of International Business Development

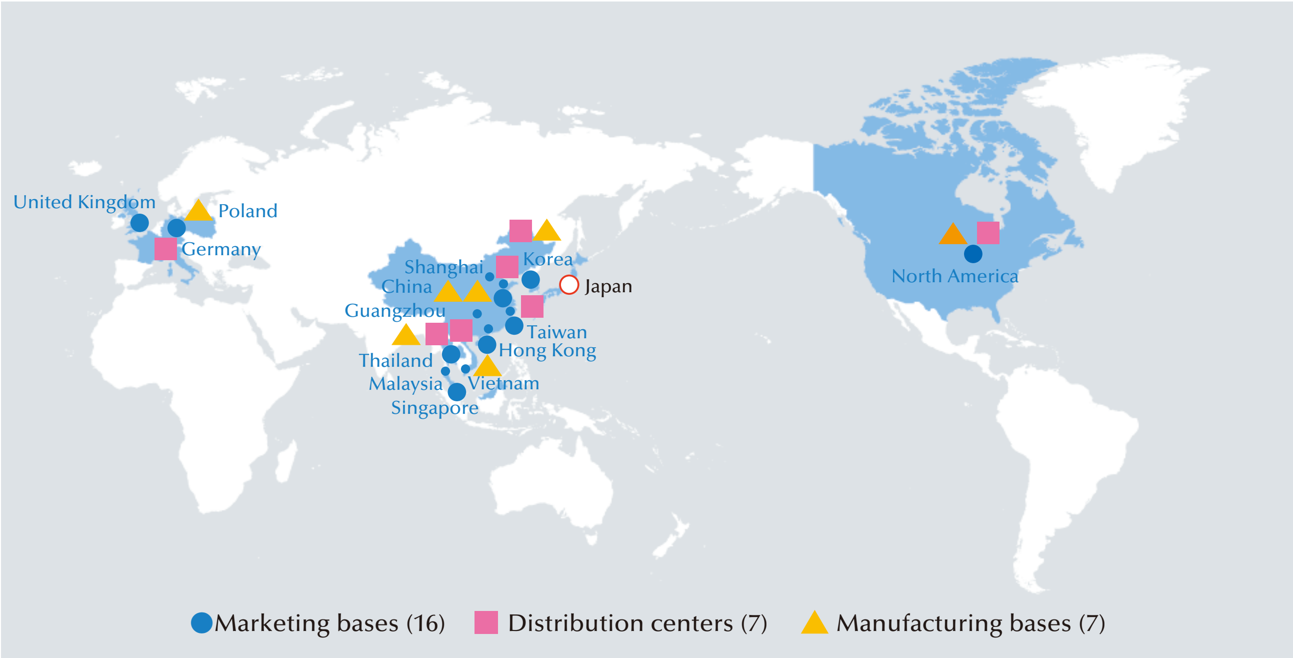
In March 2008, MISUMI acquired from Parts Seiko Co., Ltd., the stock of one of that company's subsidiaries—SP PARTS CO., LTD.—and converted that company into its own wholly owned subsidiary.

For 15 years, Parts Seiko has been a cooperating manufacturer supplying MISUMI with FA business related precision machinery parts. Its subsidiary, SP PARTS, has employed outstanding technological strengths and a "single-unit rapid delivery" manufacturing system to expeditiously provide customers with high-quality products in quantities as low as a single unit. Currently, it has manufacturing bases in Japan and the Chinese city of Wuxi. By combining SP PARTS' manufacturing technology strengths with the MISUMI Group's product planning and development capabilities and marketing systems, MISUMI intends to further strengthen the MISUMI QCT business model and further accelerate the expansion of its business in Asia, Europe, and North America.

The April 2005 integration with SURUGA SEIKI CO., LTD., quickly gave the MISUMI Group manufacturing capabilities and enabled it to assemble a full set of integrated product development, manufacturing, and selling systems that has been a crucial means of propelling the Group's rapid expansion of international operations. MISUMI has also been able to leverage SURUGA SEIKI's technologies to broaden the scope of its product development programs.

MISUMI is striving to expand the scale of its operations by proceeding with business reforms associated with the creation of manufacturing capabilities within the Group while concurrently endeavoring to maintain and further develop its relationships with cooperating manufacturers.

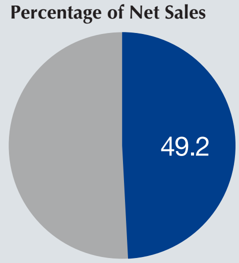
■ **Vigorously Expanding Global Operations**



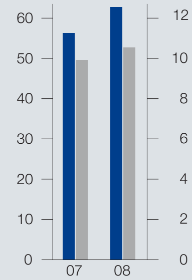
Review of Operations of the MISUMI Group

Factory Automation Businesses

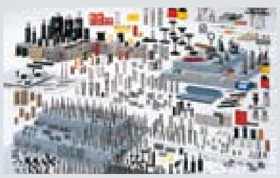

Percentage of Net Sales



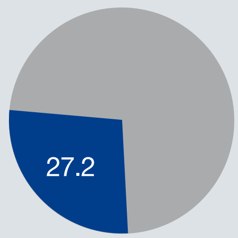
Net Sales and Operating Income
(Billions of yen)
■ Net sales (left scale)
■ Operating income



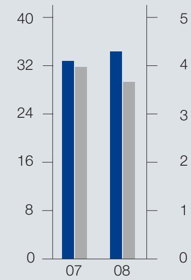
Die Components Businesses




Percentage of Net Sales

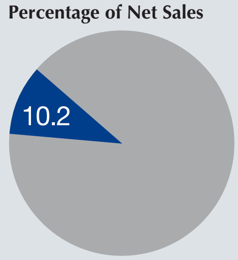


Net Sales and Operating Income
(Billions of yen)
■ Net sales (left scale)
■ Operating income

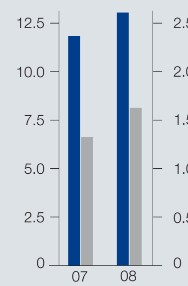


Electronics Businesses

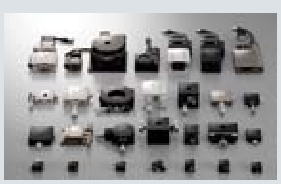

Percentage of Net Sales



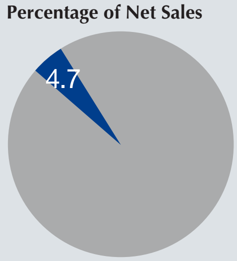
Net Sales and Operating Income
(Billions of yen)
■ Net sales (left scale)
■ Operating income



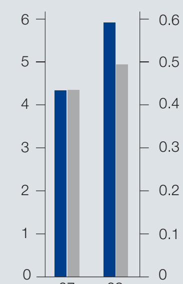
Optical-Related Businesses

Percentage of Net Sales

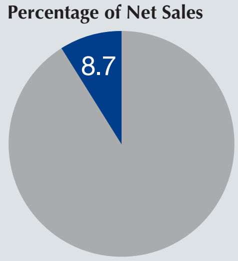


Net Sales and Operating Income
(Billions of yen)
■ Net sales (left scale)
■ Operating income

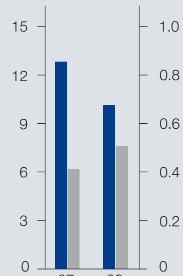


Diversified Businesses


Percentage of Net Sales



Net Sales and Operating Income*
(Billions of yen)
■ Net sales (left scale)
■ Operating income



*The Company deconsolidated Nippon Kaiyo Co., Ltd., (sold in June 2006) in the first half of the fiscal year ended March 2007, the formerly wholly owned MULTI-BITS Corporation (70% of shares sold in October 2006) in the second half of the fiscal year ended March 2007, and MICREED Corporation (sold in September 2007) in the second half of the fiscal year ended March 2008.

Overview

Factory Automation (FA) Businesses provide mainly standard components, such as linear shafts, single-axis units, pulleys, motors, and aluminum frames that help streamline production and save on labor costs in a range of FA and other systems. In addition, they develop and supply automatic positioning modules for use in high-precision production equipment.

FA Businesses account for the largest proportion of the Group's sales, and are the backbone of its operations.

Major Products

Shafts, shaft holders, set collars, linear bushings, oil-free bushings, slide guides, single-axis units, aluminum frames, brackets, T-nuts, Hepa filter units, pipe frames, casters, adjuster pads, levers, handles, rods, hexagonal materials, screws, springs, shock absorbers, processed urethanes and rubber, antivibration and soundproof materials, manifolds, couplings, piping parts, knuckle joints, hinge bases, links, heaters, insulator plates, rotary shafts, hinge pins, locating pins, XY stages, switches, cutters, work plates, processed sheet metal parts

Overview

Die Components Businesses develop and provide such standardized die and mold components as punches and dies, guide posts, springs, ejector pins, core pins, and guide pins, including high-precision components for the automotive, electrical, and electronics industries.

Major Products

Punches and button dies, guide lifters, stripper guide pins and bushings, guide posts, and bushings for die sets, coil springs, gas springs, cams, oil-free slide plates, lifting components, ejector pins, ejector sleeves, center pins, core pins, block core pins, date-marked pins, pins with gas vents, angular pins and rocking blocks, slide core guide rails, sprue bushings and locating rings, runner and gate parts, electrodes, positioning and leader components, ejector space components, mold opening controllers, cooling and heat controlling components

Overview

Electronics Businesses develop and provide cables to connect FA equipment, harness cables, and connectors, as well as computers, peripherals, and other items for the field of measurement and control.

Major Products

Harnesses, cables, connectors, terminal blocks, wiring accessories, electrical plugs and sockets, switches, fans, control panel boxes, relay boxes, switch boxes, wiring tools, data converters, GPIB-related products, computers and peripheral equipment, industrial displays, display arms, networking cables

Overview

Optical-Related Businesses develop and provide a wide variety of experimental research equipment related to optics. In addition, they supply components for the manufacture of machinery, which is constantly changing due to increasing computerization.

Major Products

XYZ-theta locating stages, mirror holders, lens holders, vibration-free steel honeycomb bases (air spring, antivibration rubber), lenses, mirrors, prisms, polarized light devices, filters, glass substrates, laser autocollimators, optical sensors, related equipment (light sources, power supplies, microscopes), micro manipulators, optical communication module manufacturing equipment, device assembly and control equipment, evaluation and test equipment

Overview

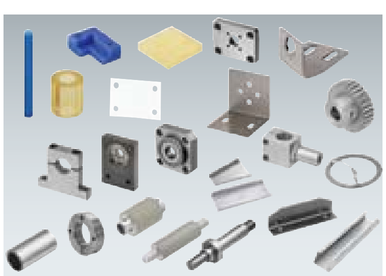
Diversified Businesses provide machine tools, veterinary, and medical supplies.

Major Products

Machine Tools: Cutting tools (carbide-end mills, carbide drills), finishing tools
Veterinary and Medical Supplies: Gauzes, dressings for protecting wounds, PROMICLOS veterinary materials, injection needles, etc.

FA-use mechanical standard component catalog

Processed component design procurement navigators *C Navi Guidebook* and *C Navi*



Factory Automation Businesses

Factory Automation Businesses develop and supply standard components for automated machinery used in rationalization and laborsaving systems, including factory automation (FA) equipment.

Factory Automation Businesses are the principal pillar of the MISUMI Group and account for the largest portion of the Group's net sales, approximately 49%.

We offer mechanical standard components for FA and flexible manufacturing systems (FMSs). Our FA Businesses encompass five main businesses—FA Mechanical Motion, FA Positioning/Inspection, FA Rotation/Transfer, FA Mechanical General Components, and FA Structural Components—that annually supply approximately 620,000 components on a Group basis.

In the FA Mechanical Motion Business, we handle motion equipment components and peripheral parts—including peripheral parts for cylinder- and pump-driven hydraulic and pneumatic systems; piping components used in such fluid systems as those for water, oil, and chemicals; industrial standard heaters; and insulating boards—and also handle single-axis actuators as unit products.

In the FA Rotation/Transfer Business, we offer rotary components and support parts and such transmission components as belts and rollers, while in the FA Positioning/Inspection Business, we provide such locating components as locating pins and guides and such inspection components as XY stages and posts.

Our FA Mechanical General Components Business includes such fastener components as bolts and washers; such adjustment fastener components as magnets and springs; such materials components as metal plates, urethane rubber, and sound-proofing and anti-vibration materials; and custom parts. Custom parts are manufactured based on blueprints that customers can prepare with a large degree of freedom, and customers' free design work is supported by such tools as the *C Navi* custom parts design procurement navigator (distributed on CDs) and the *C Navi Guidebook*.

In the FA Structural Components Business, we offer aluminum frames and other parts used in automated equipment cases; pipe frames for cell manufacturing method facilities; casters for receiving and transporting items within FA plants; and such accessory components as levers and handles for attachment to equipment and use by plant staff.

During fiscal 2008, we are expanding our product lines to include such items as the "single-axis actuator LX" precision ball screw drive unit, for which we have realized overwhelmingly short delivery periods; the "TM Magnet" conveyor line pulley, which uses magnets for non-contact, low-dust-generation conveyance; and the "Factory Frame," a new-configuration aluminum pipe frame product that is easy to install and low-priced.

Die Components Businesses

Die Components Businesses serve the automotive, electronics, and electrical machinery industries by developing and supplying press die components for pressing metal plates; punches, dies, and ejector pins used in plastic injection molding; and other standardized and precision die components.

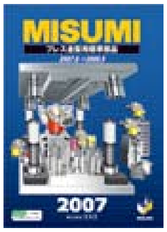
Our Die Components Businesses include the Press Die Components Business, focused on metal press die components, and the Mold Components Business, focused on plastic mold and die components.

In the Press Die Components Business, we provide approximately 300,000 metal standardized components for metal press dies that are essential for the mass manufacture of automobiles, appliances, and precision machinery. These include punch and die components for making holes in metal sheets as well as guide posts, bushings, and other parts to maintain vertical die movement. In addition, we help customers procure items that fall outside our catalog specifications by providing estimates based on blueprints and then handling processes from manufacturing through marketing.

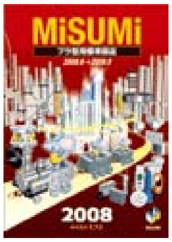
In the Mold Components Business, we offer about 140,000 items, including ejector pins, core pins, and guide posts for injection molding dies used to make a broad range of plastic products.

Supporting these businesses are cutting, grinding, polishing, and other precision processing technologies that we have refined over many years, as well as strict quality controls aimed at keeping claims below 5 per 10,000 orders. Manufacturers in the automotive, electronics, electrical machinery, precision machinery, and other industries thus depend on our precision die offerings.

During fiscal 2008, we are expanding our product lines to include such component items as the engineering plastic-compatible “New Material PROVA 400 Core Pin,” the high-cycle-compatible “Center Pin with Cooling Hole,” “Eco Sprue Bush,” and “Hot Sprue” as well as such unit products as the “Compact Loose Core Unit Slanted Pin Folder” and compact “Ultra-Precision-Class/Precision-Class Edge Ejector Pin.”



Press mold and die-use standard component catalog



Plastic molding-use standard component catalog

FA-use electronics catalog

Electronics Businesses

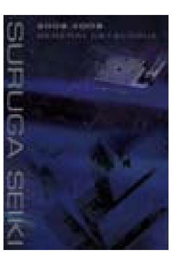
Our Electronics Businesses develop and supply harnesses, cables, connectors, and terminals for FA machinery as well as for FA/industrial computers and control and peripheral components.

The Electronics Businesses supply about 290,000 component items (including items differentiated by cable-length differences). These include such wiring connector components as connectors, wiring, harnesses, cables, terminals, boxes, cable accessories, and tools mainly used for FA-use automated machinery and for such other equipment as inspection and measuring instruments. Other products handled include PC components and components associated with image processing.

We also provide original products that require us to handle processing work ordinarily handled by customers themselves. For example, we supply harnesses with pre-attached connectors and cables and offer the “Box Hole Processing Service,” which greatly increases the convenience of attaching various components to product boxes. Regarding industrial-use computers, we can assemble components, install drivers, handle inspection and checking processes, and dispatch shipments in as little as three days, thereby helping customers save time and reduce costs.

During fiscal 2008, we are expanding our product lines to include such component items as space-saving harnesses that are 35% thinner than previous models and harnesses incorporating angle connectors that eliminate cable interference when connected.

We are undertaking environmental countermeasures regarding the products handled by our Electronics Businesses and are greatly expanding the range of products compatible with the European Union’s Restriction of Hazardous Substances (RoHS) directive.



Comprehensive catalog
Optical sensor catalog

Optical-Related Businesses

Optical-Related Businesses develop and supply a wide variety of experimental research equipment related to optics. In addition, they supply machinery and equipment to manufacturers of electronic components, which are constantly changing due to the increasing computerization of electrical machinery and home electronics.

To meet needs associated with the rapid increase of miniaturization and functional performance in electronic equipment, SURUGA SEIKI’s optical devices businesses draw on precision processing technologies cultivated over the years and optical technologies acquired in connection with optical axis alignment for communications systems. In addition to the research and development market, we are serving the manufacturing equipment and materials market.

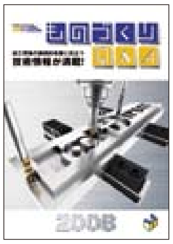
Specifically, we provide equipment and instruments that facilitate the precise execution of processing work requiring submicron to nanometer-level precision and also supply equipment and instruments that meet precision attitude- and positioning-control requirements in development and production processes for diverse electronic devices. Our mainstay positioning stages are finding increasingly widespread applications in digital device-use facilities, and our light sensors and other products for measurement and positioning recognition applications have earned high evaluation for their performance regarding optoelectronics products.

Diversified Businesses

Diversified Businesses handle business involving machine tools and medical and veterinary supplies.

Machine Tools

This business markets approximately 50,000 standardized items, including machine tool items used to process diverse components and die and mold components, and also provides regrind and recoating services for cutting tools. In cutting tools, we offer an industry-leading array of products centered on ultra-hard solid-type end mills and also encompassing a steadily increasing selection of such products as ultra-hard drills and reamers and a growing assortment of unique items that facilitate high-speed/high-precision processing, the extension of tools' useful lives, and the shortening of processing processes. In noncutting tools, we supply tools—such as those for electrical discharges, grinding, finishing, measuring, operating, and other processing and processing facility-related applications—that meet the needs of a broad range of processing facilities.

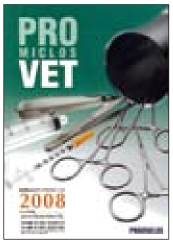


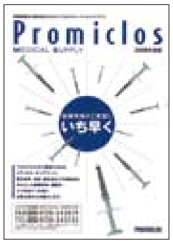
Tool-Direct machine tool-use tool catalog
Monozukuri Q&A (Creating Things Q&A)

Veterinary and Medical Supplies (PROMICLOS Corporation)

PROMICLOS provides more than 6,000 vital products for medical institutions, ranging from injection needles, sutures, and catheters to gauzes, gloves, and other general medical consumables. It also provides veterinary care facilities with veterinary supplies and prescribed foods.

To meet the small-volume needs of doctors in small-scale veterinary care facilities and private practices, PROMICLOS quickly and dependably makes small-lot deliveries of the many products it offers.





PROMICLOS VET (medical product comprehensive catalog)
Promiclos MEDICAL SUPPLY
(Medical product comprehensive catalog for doctors in private practice)

Global Network

Domestic Network

MISUMI Group Inc./MISUMI Corporation

4-43, Toyo 2-chome, Koto-ku, Tokyo 135-8458
Tel: 81-3-3647-7112 (Representative)   Fax: 81-3-3647-7458

Machine Industry

MISUMI QCT Center

Tel: 0120-343-066*   Fax: 0570-034-355*

(Tokyo)

2F, Toyo Central Bldg., 1-13,
Toyo 4-chome, Koto-ku, Tokyo 135-0016

(Kumamoto)

2F, Asahi Seimei Kouyaimamachi Bldg., 9-6,
Kouyaimamachi, Kumamoto City, Kumamoto 860-0012

Distribution Network

West Japan Distribution Center

Sanda Kogyodanchi, 501-53, Fukushima-aza Miyanomae,
Sanda City, Hyogo 669-1313

East Japan Distribution Center

1-1-1, Anzen-cho, Tsurumi-ku,
Yokohama City, Kanagawa 230-0035

PROMICLOS Corporation (Promiclos Call Center)

9F, CN-2 Bldg., 2-8-3 Kiba, Koto-ku, Tokyo 135-8458
Tel: 0120-343-155* Fax: 0120-343-019*

* Toll-free number for Japan only

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Shizuoka City, Shizuoka 424-8566
Tel: 81-54-344-0311 Fax: 81-54-346-1053

- **Kansai Plant**

  Misumi Production Park, 2-3-2,
  Akamatsudai, Kita-ku, Kobe City,
  Hyogo 651-1516
  Tel: 81-78-940-0281 Fax: 81-78-986-6590

- **Iwaki Plant**

  8-1, Yoshima Kogyodanchi, Iwaki City,
  Fukushima 970-1144
  Tel: 81-246-36-6000 Fax: 81-246-36-6676

- **Tokyo Marketing Center**

  4F, UCJ Ueno Bldg., 2-18-4,
  Kitaueno, Taito-ku, Tokyo 110-0014
  Tel: 81-3-5806-1631 Fax: 81-3-5806-1657

- **Kansai Marketing Center**

  FJY Bldg., 1-5-25 Johokucho, Takatsuki City, Osaka 569-0071
  Tel: 81-72-661-3500 Fax: 81-72-661-3622

MISHIMA SEIKI CO., LTD.

580-49, Tokura, Shimizu-cho,
Sunto-gun, Shizuoka 411-0917
Tel: 81-55-931-1249   Fax: 81-55-931-2702

SP PARTS CO., LTD.

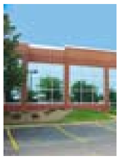
3-2, Hoshinosato, Amimachi, Inashiki-gun, Ibaraki 300-0326
Tel: 81-29-833-6700   Fax: 81-29-833-6701

- **Kansai Plant**

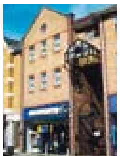
  Misumi Production Park, 2-3-2,
  Akamatsudai, Kita-ku, Kobe City,
  Hyogo 651-1516
  Tel: 81-78-940-0113 Fax: 81-78-940-0114

• Overseas Network

(As of October 2008)

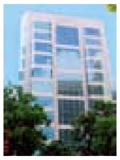


1 MISUMI USA, Inc.
1105 Remington Road, Suite B, Schaumburg,
IL 60173, U.S.A.
Tel: 1-847-843-9105 Fax: 1-847-843-9107



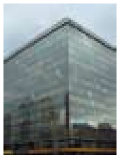
2 MISUMI UK LTD.
No. 1, The Courtyard, 76-78 High Street, Staines,
Middlesex TW18 4DP, U.K.
Tel: 44-1784-465530 Fax: 44-1784-466695

3 MISUMI EUROPA GmbH
Katharina-Paulus-Strasse 6, 65824 Schwalbach,
Germany
Tel: 49-6196-7746-0 Fax: 49-6196-7746-360



4 MISUMI SOUTH-EAST ASIA PTE. LTD.
331 North Bridge Road, #03-01 Odeon Towers,
Singapore 188720
Tel: 65-6733-7211 Fax: 65-6733-0211
- Malaysia Office (Kuala Lumpur)
  Tel: 60-3-7960-1121 Fax: 60-3-7960-1120
- Vietnam Office (Ho Chi Minh City)
  Tel: 84-8-897-4387 Fax: 84-8-897-4613

5 MISUMI (THAILAND) CO., LTD.
300/24 Moo 1, Eastern Seaboard Industrial Estate,
Soi 5, Tambol Tasith, Amphur Pluakdaeng,
Rayong Province 21140, Thailand
Tel: 66-2-6755682 Fax: 66-38-959202
- Bangkok Office
  Tel: 66-2-675-5682 Fax: 66-2-675-5495



6 MISUMI TAIWAN CORP.
9F-1, No. 126 Nanjing East Road, Sec. 4,
Taipei 10595, Taiwan, R.O.C.
Tel: 886-2-2570-3766 Fax: 886-2-2570-3767

7 MISUMI KOREA CORP.
3804 World Trade Center, 159-1, Samsung-Dong,
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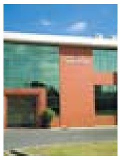
Tel: 82-2-551-3611 Fax: 82-2-551-4811

8 MISUMI E.A. HK LTD.
Suite 716, 7/F, World Commerce Centre,
11 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong
Tel: 852-2375-4550 Fax: 852-2302-4589

9 MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD.
16th Floor, Jinling Hai Xin Bldg., No. 666 Fuzhou Rd.,
Shanghai 200001, P.R.C.
Tel: 86-21-6391-7080 Fax: 86-21-6391-7085
- Guangzhou Office
  Tel: 86-20-8527-1038 Fax: 86-20-8527-1686
- Tianjin Office
  Tel: 86-22-2302-9228 Fax: 86-22-2302-9350
- Wuxi Office
  Tel: 86-510-8521-9793 Fax: 86-510-8521-9651
- Shenzhen Office
  Tel: 86-755-8287-2416 Fax: 86-755-8287-2096

10 SURUGA USA CORP.
40 S. Addison Rd., Suite 300, Addison, IL 60101, U.S.A.
Tel: 1-630-628-4000 Fax: 1- 630-628-4005



11 SAIGON PRECISION CO., LTD.
Road 2, Linh Trung Export Processing, Zone Thu Duc
District, Ho Chi Minh City, Vietnam
Tel: 84-8-897-4387 Fax: 84-8-897-4613

12 SURUGA (THAILAND) CO., LTD.
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Rayong Province 21140, Thailand
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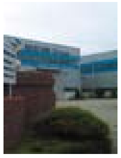
13 KOREA (ADS) CO., LTD.
477-9 Goowoon-Dong, Gweonseon-Gu, Suwon-Shi,
Gyounggi-Do 441-819, Korea
Tel: 82-31-294-8661 Fax: 82-31-294-8664



14 SURUGA KOREA CO., LTD.
3 Ma 621 Sihwa Industrial Complex #2099-5,
Jeongwang-Dong, Siheung-Shi, Gyeonggi-Do
429-935, Korea
Tel: 82-31-434-8357 Fax: 82-31-434-8359

15 SURUGA SEIKI (SHANGHAI) CO., LTD.
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Tel: 86-21-6921-2188 Fax: 86-21-6921-1428

16 SURUGA SEIKI (GUANGZHOU) CO., LTD.
B, No. 9, American Industrial Park, 48, Hongmian
Avenue, Huadu District, Guangzhou,
P.R.C. 510800
Tel: 86-20-3687-2889 Fax: 86-20-3687-2255

17 SURUGA POLSKA Sp. z o.o.
199A Slowackiego Street, 80-298 Gdansk, Poland
Tel: 48-58-340-6800 Fax: 48-58-340-6801

Contributing to Socioeconomic Progress

The MISUMI Group contributes to society in ways that draw on its core business competencies. These include fulfilling its mission of being a "behind-the-scenes" player, supporting the manufacturing operations of its customers around the world by sponsoring events that contribute to the development of human resources in manufacturing. In parallel with these activities, the Group also takes active initiatives to promote environmental management and cultural activities.

Sponsoring NHK University Robot Contest and ABU Asia–Pacific Robot Contest

In 2007, we began cosponsoring the NHK University Robot Contest and the Asia-Pacific Broadcasting Union (ABU) Asia–Pacific Robot Contest. The latter tournament aims to cultivate tomorrow's engineers around the Asia–Pacific region. University student teams representing each ABU member country and region compete on the basis of their robots' technological capabilities and creativity. The NHK University Robot Contest is for Japanese teams that participate in the ABU Asia–Pacific Robot Contest.

It is part of the MISUMI Group's mission to support global manufacturing, with our involvement in both of these contests reflecting our commitment.

2008 NHK University Robot Contest

2008 ABU Asia-Pacific Robot Contest, India

Sponsoring Student Formula SAE Competition of Japan and Supporting Formula-SAE Teams

The Group has been and is sponsoring the Student Formula SAE Competition of Japan, organized by the Society of Automotive Engineers (SAE) of Japan. We are providing free mechanical parts for FA systems to the Formula-SAE teams of Tokyo Denki University, Tokai University, and Kanazawa University as well as other universities. The competition measures the speed and durability of formula-style racing cars that students from around the world design and produce. We have supported teams since fiscal 2003 because the competition's philosophy of cultivating talented human resources with experience in manufacturing and team management matches the Group's stance on developing human resources.

The 5th Student Formula SAE Competition

Racing car of Tokyo Denki University

Environmental Management Activities

<Managing Environmental Chemicals>

The European Union's July 2006 implementation of its Restriction of Hazardous Substances (RoHS) directive and China's March 2007 launch of a local equivalent are among several regulations in recent years that have tightened controls over environmental substances. The MISUMI Group recognizes that compliance is central to customer product selection and is responding accordingly in the marketplace. As such, the Group discloses RoHS directive compliance in the Factory Automation, Die Components, and Electronics Businesses' catalogs for the machinery industry. The Group will continue to ensure that it supplies products that customers trust.

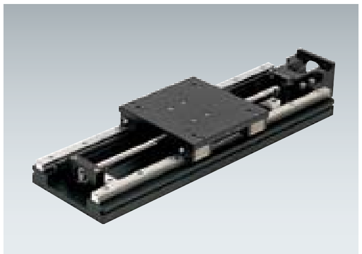
<Green Purchasing Guidelines>

MISUMI and SURUGA SEIKI formulated their Green Purchasing Guidelines in September 2006 to foster recycling and to ensure adherence to environmental substances legislation and other requirements.

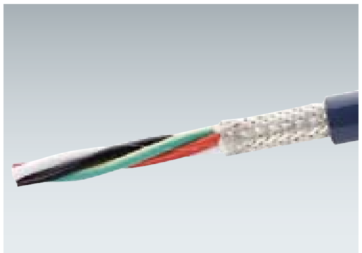
<ISO Environmental Activities>

In April 2003, the MISUMI Group Inc. and PROMICLOS received certification under the ISO 14001 standard for environmental management systems. SURUGA SEIKI was certified in January 2001.

RoHS-certified components



Single-axis unit (FA businesses)



Moveable power source cable
(Electronics businesses)

Supporting Exhibitions with the MISUMI Art Collection

Over the past few years, the Group has lent works from the MISUMI Art Collection 11 times under special arrangements with galleries holding contemporary American art exhibitions. This acclaimed and highly distinctive collection focuses on contemporary American art, whose proponents eschewed European influences after World War II to break new stylistic ground. That spirit coincides with the Group's corporate philosophy of constantly pursuing innovation.

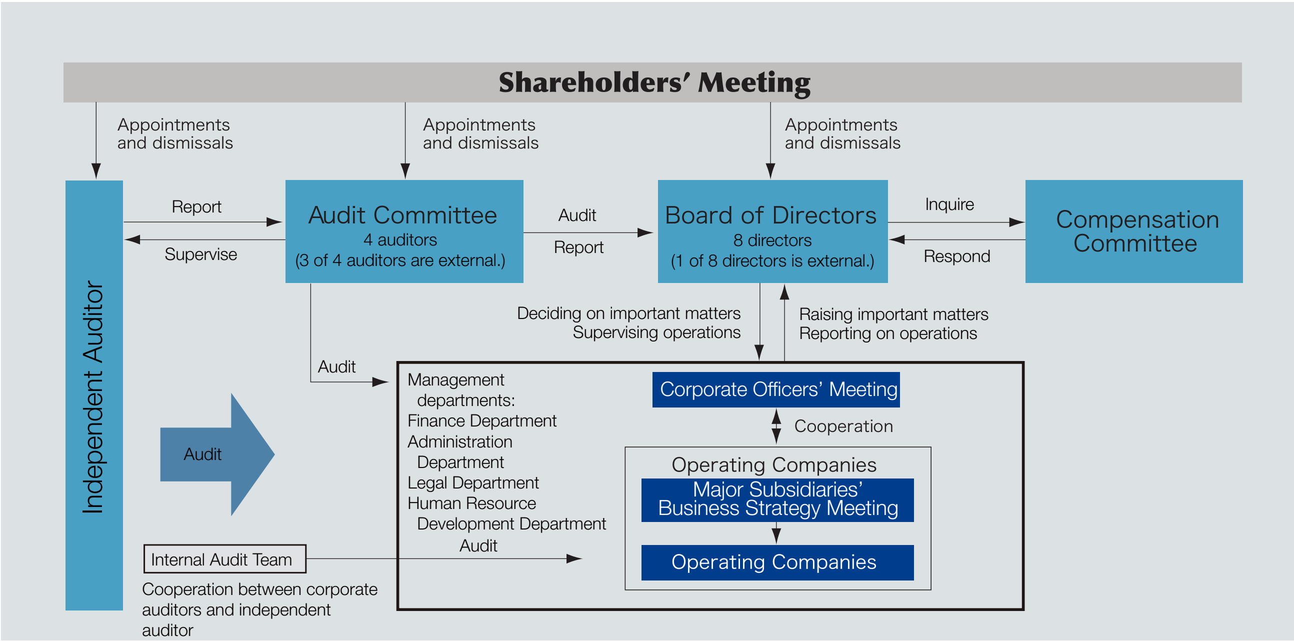
The "POP ART 1960s-2000s" exhibition was held in June 2008 at the Matsumoto City Museum of Art. We plan to continue meeting art loan requests from museums across Japan.

"Bonsai Girl" 1993, by
Yoshitomo Nara (2004©Yoshitomo Nara)

Exhibit at Museum of Contemporary Art
Tokyo (2002)

Reinforcing Corporate Governance and Maintaining Transparency

The MISUMI Group aims to make a broad range of economic and social contributions in Japan and worldwide and maximize its long-term corporate value by achieving business growth while assiduously cultivating managers. Accordingly, it is giving top priority to measures aimed at further strengthening corporate governance.



The MISUMI Group employs its Board of Directors, Corporate Officers' Meeting, Business Strategy Meeting, and Audit Committee to perform the supervision and auditing of operational execution. As of October 2008, our Board of Directors comprised eight people, including an external member. In principle, the Board meets once per month to make decisions on important business matters. The Corporate Officers' Meeting comprised 12 members—4 representative directors and 8 corporate officers (including 2 corporate officers concurrently serving as directors)—and, in principle, it meets twice per month to take measures designed to strengthen both supervision and operational execution. The Group's two principal subsidiaries (MISUMI Corporation and SURUGA SEIKI CO., LTD.) each have their own business strategy meeting. The Corporate Officers' Meeting and the Business Strategy Meeting provide reports on their deliberations to the Board of Directors, and also conduct preliminary deliberations with the Board of Directors. The Audit Committee has four members, including three from outside the Group, and oversees the execution of responsibilities by directors of the Board. The Audit Committee works in close cooperation with the Independent Auditor and the Internal Audit Team (established in April 2008) with the goal of increasing the effectiveness and efficiency of audit activities.

The Compensation Committee is a discretionary consultative body for the Board of Directors that comprises three directors, including an external one, and has the task of conducting deliberations regarding appropriate compensation levels and making related decisions. Regarding legal affairs, compliance issues, and other important management issues, we seek advice as needed from consultant law offices, accountant offices, tax accountant offices, and other specialists independent of the Company's in-house organization.

Regarding risk management systems, in April 2008 we instituted the MISUMI Group Action Code to serve as action guidelines, and we have worked to ensure comprehensive awareness of the code throughout the MISUMI Group. In December 2007, we established an internal reporting system for compliance-related issues. To ensure compliance with the Japanese version of the U.S. Sarbanes-Oxley Act (J-SOX), we established an internal audit team to lead efforts aimed at confirming document management processes, evaluate the effectiveness of internal controls, identify related problems and tasks, and otherwise strive to further strengthen our internal control systems. In April 2008, we instituted our Information Security Basic Principles, which declare our fundamental stance regarding information security, and our Confidentiality Preservation Regulations, which stipulate fundamental rules regarding information security. These documents—along with an *Information Security Guidelines* pamphlet that specifies detailed rules—have been distributed throughout the Group, and measures are being taken to ensure comprehensive awareness of the rules throughout the MISUMI Group.

The MISUMI Group's Top Management

(As of October 2008)

Front row from left: Tadashi Saegusa, Masayuki Takaya
Back row from left: Teiichi Aruga, Masahiko Eguchi

Directors

Chairman and Chief Executive Officer	**Tadashi Saegusa***	
President	**Masayuki Takaya***	Representative Director and President of MISUMI Corporation
Executive Vice President in charge of G Business Platform Group	**Teiichi Aruga***	
Executive Vice President	**Masahiko Eguchi***	Representative Corporate Officer of MISUMI Corporation, Company President, MISUMI FA Company
Director of the Board, Senior Corporate Officer	**Tae Ho Kim**	Representative Corporate Officer of MISUMI Corporation, Company President, MISUMI Mold/Tools Company
Director of the Board, Senior Corporate Officer in charge of G Production Platform Group	**Ryusei Ohno**	Representative Director and President of SURUGA SEIKI CO., LTD.
Director of the Board, (Non-Executive)	**Hiroshi Taguchi**	President of M-out Inc.
Director of the Board, (Non-Executive)	**Hiroshi Fukino**	President & Chief Executive Officer of Fukino Consulting Inc.

*Representative Director

Auditors

Corporate Auditor	**Hiroshi Miyamoto**	Corporate Auditor of MISUMI Corporation, SURUGA SEIKI CO., LTD., PROMICLOS Corporation, and SP PARTS CO., LTD.
Auditor	**Kouichi Takemata**	Representative of ReEx Accounting Firm, Certified Public Accountant, and a Licensed Tax Accountant
Auditor	**Teruhisa Maruyama**	Attorney at Law of Kioicho Law Office
Auditor	**Juichi Nozue**	Attorney at Law of Shizuoka Nozomi Law and Patent Office

Corporate Officers

Corporate Officer	**Tokuya Ikeguchi**	Representative Corporate Officer of MISUMI Corporation, Company President, MISUMI Press Company
Corporate Officer	**Takehiro Hatakeyama**	Representative Corporate Officer of SURUGA SEIKI CO., LTD., Company President, SURUGA TEC Company
Corporate Officer, General Manager of Operation Management Department	**Masayuki Maeda**	Corporate Officer, General Manager of Marketing Center of MISUMI Corporation
Corporate Officer, CFO	**Shigeki Takahara**	
Corporate Officer	**Ichiro Tamaki**	General Manager of EC Division of MISUMI Corporation
Corporate Officer	**Masanori Suzuki**	General Manager of FA North America Division of MISUMI FA Company, MISUMI Corporation, President of MISUMI USA Inc.

Six-Year Summary (Consolidated)

MISUMI Group Inc. and Consolidated Subsidiaries
Years Ended March 31, 2008, 2007, 2006, 2005, 2004 and 2003

	Millions of Yen					
	2008	2007	2006	2005	2004	2003
For the Year:						
Net sales	**¥126,665**	¥118,139	¥105,408	¥81,509	¥69,562	¥57,750
Factory Automation Businesses	**62,279**	56,344	46,405	35,388	26,569	19,163
Die Components Businesses	**34,514**	32,796	31,502	26,775	25,815	23,560
Electronics Businesses	**12,957**	11,836	10,085	8,903	7,497	5,809
Optical-Related Businesses	**5,954**	4,333	4,180	—	—	—
Diversified Businesses	**10,961**	12,830	13,236	10,443	9,681	9,218
Operating income	**16,317**	15,643	13,035	10,649	8,824	6,641
Income before income taxes (and minority interest)	**16,296**	15,999	13,424	10,739	8,785	6,221
Net income	**9,698**	9,447	7,619	6,507	5,023	3,518
At Year-End:						
Total assets	**92,596**	84,244	78,177	51,733	44,348	36,781
Total equity[2]	**71,302**	63,751	54,077	38,645	32,189	27,496
Interest-bearing debt[3]	**2,164**	1,717	3,092	800	800	831
Per Share Data:						
Net income per share[4] (yen)	**109.72**	108.42	84.95	78.27	59.68	43.27
Cash dividends per share[4] (yen)	**23.00**	22.00	18.00	15.50	12.33	8.67
Equity per share[2, 4] (yen)	**805.33**	725.44	619.93	475.82	399.53	344.79
Cash flow per share[4] (yen)	**127.00**	81.20	77.70	64.70	54.61	57.61
Stock Price:						
High (yen)	**2,435**	2,765	5,580	3,950	5,390	5,270
Low (yen)	**1,540**	1,812	3,090	2,670	2,840	2,690
Close (year ended March 31) (yen)	**1,766**	2,110	5,210	3,360	3,550	3,220
Number of outstanding shares (thousands)	**88,921**	88,259	43,592	40,412	26,638	26,512
Marketable capitalization (billions of yen)	**1,564**	1,854	2,261	1,357	945	854
Investment Indicators:						
Price/Earnings ratio – PER (times)	**16.1**	19.5	30.7	21.5	29.7	24.8
Price/Cash flow ratio – PCFR (times)	**13.9**	26.0	33.5	26.0	21.7	18.6
Price/Book value ratio – PBR (times)	**2.2**	2.9	4.2	3.5	3.0	3.1
EBITDA	**18,322**	17,792	15,339	11,506	9,828	7,491
Return Indicators:						
Return on equity[5] (%)	**14.4**	16.0	16.4	18.4	16.8	13.5
Return on assets[5] (%)	**18.4**	19.7	20.7	22.4	21.9	19.5
Liquidity Ratios:						
Current ratio (%)	**351.5**	351.4	278.5	383.7	350.1	370.5
Interest coverage ratio[6] (times)	**815.3**	110.0	156.6	1,171.1	835.4	786.1
Number of Customers:						
Domestic	**80,167**	93,830	99,638	96,529	93,978	92,497
Overseas	**41,230**	33,057	22,770	15,705	10,792	8,517
Number of Employees	**3,813**	3,382	2,887	690	472	389

Notes: 1. In keeping with the integration with SURUGA SEIKI CO., LTD., on April 1, 2005, figures for fiscal 2005 cover the former MISUMI Corporation, while data for fiscal 2006, 2007, and 2008 covers MISUMI Group Inc.
2. The Company presents Total equity instead of Shareholders' equity in keeping with the implementation of the Company Law on May 1, 2006.
3. Interest-bearing debt = Long-term and Short-term debt + Bonds + Warrant bonds + Discount on notes
4. Adjusted for stock splits up to March 31, 2007
5. Equity of ROE = Equity, Revenue of ROE = Net income
Revenue of ROA = Income before income taxes (and minority interest)
6. Interest coverage ratio = Net cash provided by operating activities / Interest payment

The Company deconsolidated Nippon Kaiyo Co., Ltd., (sold in June 2006) in the first half of the fiscal year ended March 2007, the formerly wholly owned MULTI-BITS Corporation (70% of shares sold in October 2006) in the second half of the fiscal year ended March 2007, and MICREED Corporation (sold in September 2007) in the second half of the fiscal year ended March 2008.

Management's Discussion and Analysis

The MISUMI Group comprises holding company MISUMI Group Inc., 24 consolidated subsidiaries, 2 nonconsolidated subsidiaries, and 2 affiliates. It is expanding its operations in five operating segments—the Factory Automation, Die Components, Electronics, Optical-Related, and Diversified businesses.

Results Overview

Regarding the Japanese economy in fiscal 2007, ended March 31, 2008, concerns that corporate profitability would be impacted by such trends during the latter half of the year as a considerable appreciation of the yen and depreciation of the U.S. dollar and progressively surging crude oil prices caused a 25.6% drop in the Nikkei Stock Average during the period from October 1, 2007, through the end of the fiscal year. The appreciation of the yen, rising crude oil prices, weak stock prices, and rising fears of a deceleration in export growth caused business confidence to deteriorate. The March 2008 Bank of Japan *Tankan* survey found that major manufacturing corporations' diffusion index indicating their appraisal of economic conditions had plunged eight points from the previous *Tankan* survey in December. The deterioration of business confidence was particularly severe among companies in the precision machinery and electrical machinery industries, which are highly dependent on export sales. Companies in these industries are key customers for the MISUMI Group.

China maintained double-digit GDP growth, recording 11.2% GDP growth in the last three months of 2007. A series of restrictive financial and administrative measures finally began exerting an effect on the economy, slowing growth in fixed asset investment. Moreover, exports began to cool, as reflected in such trends as a shift to year-on-year drops in steel exports from November 2007. As China's ratio of exports to GDP reached 36.9% in 2006, it is believed that the country will not be able to avoid some level of impact in the case of an economic recession in the United States and other major export destinations.

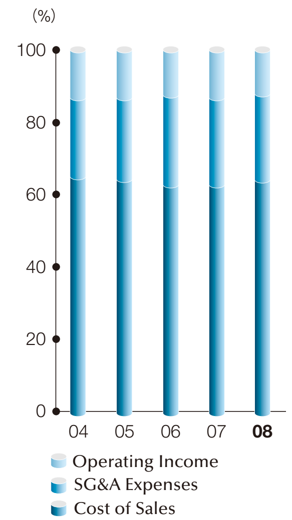
U.S. GDP growth slowed to the very low level of 0.6% in the last three months of 2007, reflecting the increasingly serious impact of such factors as disorderly conditions in financial markets, which made fund procurement difficult for some households and companies, and the rise in prices of crude oil and other commodities, which spurred inflationary pressures. U.S. companies have made progress in reducing their post-IT-bubble debt, and their financial positions are generally good, but there is concern regarding the impact of corporate debt reduction on personal consumption and capital investments.

In Asia, the general weakening of electronics industry performance has continued, although Asian economies have sustained robust growth, reflecting the support they have received from strong private-sector consumption and construction investment as well as positive conditions in such industries as transportation engineering, biotech, and pharmaceuticals.

Year-on-year growth in the Eurozone's GDP in the last three months of 2007 was 2.2%, reflecting a gradual deceleration from the 3.2% year-on-year GDP growth recorded in the last three months of 2006. Principal reasons for this deceleration include softening economic conditions in the United Kingdom and the United States, which are the largest external demand sources for the zone.

Against this background, MISUMI's consolidated net sales rose 7.2%, or ¥8,526 million, to ¥126,665 million. Operating income advanced 4.3%, or ¥674 million, to ¥16,317 million, while net income grew 2.7%, or ¥250 million, to ¥9,698 million.

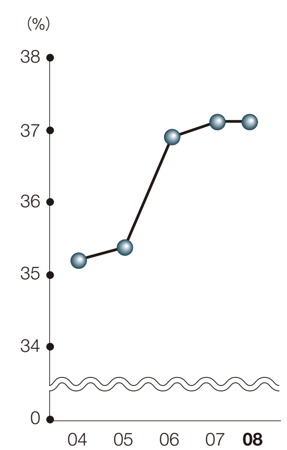
Ratio of Cost of Sales, SG&A Expenses, and Operating Income to Net Sales



Net Sales

Net sales reached a new record high level for the sixth consecutive year, rising 7.2% over the fiscal 2006 level, to ¥126,665 million. Despite increasing concern from midway through fiscal 2007 regarding the potential impact on corporate profitability of the considerable appreciation of the yen and the large rise in crude oil prices, the MISUMI Group proactively implemented various measures to improve its performance, including those to continually add new items to its product lineup, lower selling prices, issue new catalogs in a timely manner, augment marketing-use websites, and further reduce delivery times in line with customer needs. These measures sustained strong performances in core machinery industry businesses (Factory Automation, Die Components, Electronics, and Optical-Related businesses) and in overseas sales.

Gross Profit Margin



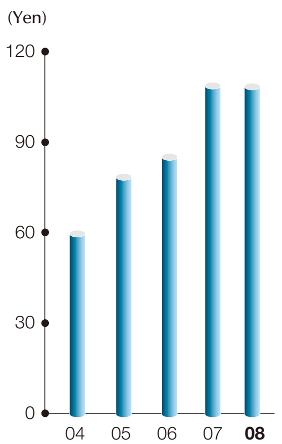
Cost of Sales and Selling, General and Administrative Expenses

Cost of sales increased 7.4%, to ¥79,788 million, and the cost of sales edged up from 62.9% of net sales to 63.0%. Gross profit rose 6.9%, to ¥46,877 million, although the gross profit margin declined slightly, from 37.1% to 37.0%. Selling, general and administrative expenses were up 8.4%, to ¥30,560 million, and corresponded to 24.1% of net sales, compared with 23.9% in fiscal 2006. As a result, operating income advanced 4.3%, to ¥16,317 million. Thus, the Company attained a record high level of both net sales and operating income for the sixth consecutive year. However, the operating income margin declined from 13.2% to 12.9%.

Other Income (Expenses)

Other income—net amounted to ¥356 million of income in fiscal 2006 and ¥21 million of expense in fiscal 2007. Despite a rise in gains on the sale of affiliated companies, the change mainly reflected a rise in foreign exchange losses and the recording of impairment losses on fixed assets. Consequently, income before income taxes (and minority interest) rose 1.9%, to ¥16,296 million, and corresponded to 12.9% of net sales, down from 13.5% in fiscal 2006.

Net Income per Share



Net Income

Total income taxes increased 0.7%, to ¥6,598 million. Thus, net income advanced 2.7%, to ¥9,698 million, the Company's fifth consecutive year of record high net income levels. Net income corresponded to 7.7% of net sales, down from 8.0%. Net income per share increased from ¥108.42 to ¥109.72.

Shareholder Return Policy

Dividend Policy

Ensuring returns to shareholders is a top priority for the MISUMI Group. We target a payout ratio corresponding to 20% or more of consolidated net income. Management's basic policy is to pay interim and year-end cash dividends. The Board determines the former and shareholders decide the latter at the annual general meeting.

Cash Dividends per Share

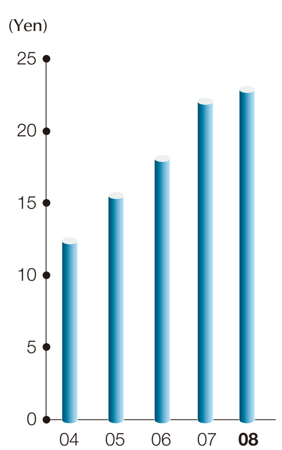
Based on the above-described dividend policy, the Company distributed ¥23 per share of cash dividends applicable to fiscal 2007. This comprised a year-end dividend of ¥12 that shareholders approved on June 20, 2008, and an interim dividend of ¥11 per share approved by the Board of Directors on November 15, 2007.

The payout ratio was thus 21.0%, and dividends accounted for 3.0% of net assets.

The Group uses retained earnings to strengthen its financial position and bolster products and services while optimizing its domestic and overseas production, supply, and sales network to underpin long-term operational stability.

In addition, the MISUMI Group confirmed its policy of paying interim and year-end cash dividends.

Cash Dividends per Share



Business Segment Results

Factory Automation Businesses

Growth in the overall domestic market for FA products slowed almost to 0% by factors including the cooling down of capital investments related to semiconductors and liquid crystal displays (LCDs). Despite this situation, the MISUMI Group maintained robust orders, sustained by demand for standard products from automobile and electric equipment related manufacturers. We issued a new catalog carrying 3,245 new products and also featuring price cuts on 601 items, shorter delivery times on 540 items, and 2,875 additional standard item dimension/materials options. Segment sales thus grew 10.5%, or ¥5,935 million, to ¥62,279 million. Segment operating income rose 4.0%, or ¥397 million, to ¥10,360 million, reflecting the increase in sales and the results of sustained cost-cutting efforts.

Die Components Businesses

Die Components Businesses performance was affected by such factors as the continued firmness of orders from automobile-related industries and the benefits of the addition of 2,220 items and 240 standard item dimension/materials options in our new Press Die catalog, including items for use with thick sheets, punches, automotive die components, and retainers. As a result, segment sales grew 5.2%, or ¥1,718 million, to ¥34,514 million. Segment operating income declined 4.9%, or ¥197 million, to ¥3,787 million, reflecting the impact of wide-ranging price reductions as well as rises in raw material prices.

Electronics Businesses

Electronics Businesses performance was negatively affected by sluggish sales associated with LCDs and semiconductors but benefitted from strong sales related to capital investments centered on the automobile and machine tools industries. As a result, segment sales improved 9.5%, or ¥1,121 million, to ¥12,957 million. During fiscal 2007, we worked to maintain our price competitiveness through measures that included those to lower the prices of 945 FA cable items by an average of 12%, and we also eliminated unprofitable products, strove to reduce expenses, and took other measures designed to offset the impact of surges in prices of copper and other raw materials. These efforts supported a 21.9%, or ¥296 million, surge in segment operating income, to ¥1,644 million.

Optical-Related Businesses

While demand related to digital consumer electric products softened, robust sales were recorded of such products as measuring instruments, optical sensors, and systems for optical communications applications. Unprofitable business, including a portion of business involving semiconductor applications, was dissolved. Consequently, segment sales surged 37.4%, or ¥1,621 million, to ¥5,954 million. Segment operating income was up 14.3%, or ¥62 million, to ¥497 million.

Diversified Businesses

Diversified Businesses include machine tools business (Tools Division) and medical and veterinary supplies business (PROMICLOS Corporation). In September 2007, we sold all our shares in wholly owned subsidiary MICREED Corporation, which supplies consumables to eating and drinking establishments, and we have removed that company from the scope of consolidation since October 1, 2007. During fiscal 2007, the tools business maintained strong sales of general-use and heat-treated-steel-use end mills, but the impact of the transfer of MICREED Corporation caused segment sales for the year to fall 14.6%, or ¥1,869 million, to ¥10,961 million. Segment operating income surged 27.9%, or ¥114 million, to ¥522 million.

Geographic Segment Results

Japan

From mid-year, the deterioration of business confidence and the increasingly conservative approach of companies toward capital investments caused a general slackness in the capital investments of certain industries that are particularly closely linked to our businesses, including the automobile, semiconductor manufacturing equipment, and LCD-related industries. The March 2008 Bank of Japan *Tankan* survey found the diffusion index for prospective business conditions in fiscal 2007 was 5.3% lower than the index for fiscal 2006. The 5.3% drop is the largest drop in the business sentiment diffusion index since fiscal 2002, when the end of the IT bubble drove the diffusion index down an equal 5.3%. We achieved a strong performance despite these conditions, however, reflecting the nature of our business model, which enables customers to realize large cost savings and greatly expedited deliveries by shifting from special order products to standardized products. This business model makes it relatively difficult for our performance to be impacted by economic recessions. As a result, sales to outside customers increased 3.2%, or ¥3,144 million, to ¥102,168 million. While we sustained our cost-cutting measures and efforts to constrain selling, general and administrative expenses, we also proactively made investments to support future business expansion, including investments for the reform of call center operations and distribution center operations. As a result, segment operating income advanced 1.6%, or ¥233 million, to ¥14,505 million.

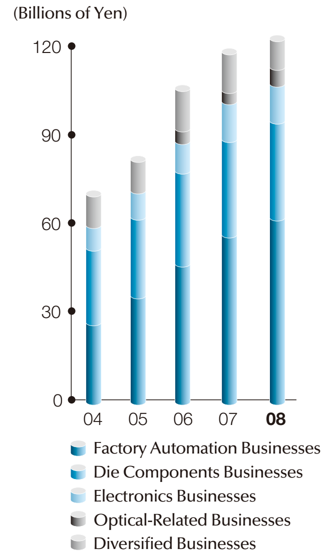
Asia

China has emphasized measures to restrain inflation, increasing interest rates several times during 2007 and introducing broad-ranging controls on prices of materials and services in January 2008, and the effects of these measures have spurred a trend of slow-paced deceleration. Although there is concern regarding a decline in exports to the United States, it is believed the dangers of excessive inflation and potential for an economic bubble have been diminished. China's GDP growth was 11.4% in 2007 and is projected to be approximately 10% in 2008. GDP growth in other Asian economies has slowed somewhat but remained robust, with the 2007 GDP growth level amounting to 7.5% in Singapore, 6.1% in Hong Kong, 5.9% in Taiwan, 4.9% in Korea, and 4.5% in Thailand. Amid these trends, MISUMI Group orders in Asia remained strong. Sales to outside customers in this segment surged 23.7%, or ¥3,492 million, to ¥18,221 million. Segment operating income advanced 20.9%, or ¥434 million, to ¥2,513 million.

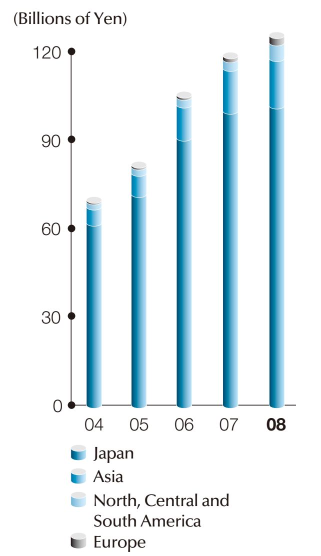
North America and South America

In the United States, the expanding scope of the subprime loan crisis disrupted financial markets, made it difficult for households and companies to procure funds, and combined with rising prices of crude oil and other commodities to magnify inflationary pressures. As a result, the U.S. GDP for the last three months of 2007 was only up an annualized rate of 0.6% from the previous quarter, an extremely low rate of growth. While tax reductions and large interest rate cuts brought temporary halts to the trend of economic deceleration, the situation greatly reduced corporations' motivation for making capital investments. Amid these conditions, MISUMI USA, Inc., upgraded its website and emphasized

Net Sales by Segment



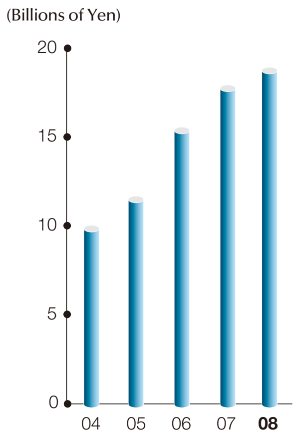
Net Sales by Region



measures to increase the MISUMI Group's name recognition along with other efforts to realize business with additional potential customers. As a result, sales to outside customers advanced 25.0%, or ¥806 million, to ¥4,035 million. Reflecting our sustained emphasis on marketing promotion programs and other proactive marketing initiatives, the segment recorded an operating loss of ¥177 million, down ¥182 million from the ¥5 million of operating income generated in fiscal 2006.

Europe
Despite economic deceleration in the Eurozone, the Eurozone economy has been supported by demand from oil-exporting countries and newly industrializing countries (NICs), helping the unemployment rate drop to the lowest levels in 25 years. Amid the general worldwide trend of economic deceleration, the European economy appears relatively stable. Against this backdrop, we continued to emphasize FA component sales in Europe. As a result, sales to outside customers surged 93.6%, or ¥1,084 million, to ¥2,241 million. Reflecting expenses associated with the inauguration of a new plant in Poland, and with sustained proactive marketing programs, a segment operating loss of ¥72 million was recorded, a ¥146 million improvement from the ¥218 million operating loss in fiscal 2006.

EBITDA



Liquidity and Capital Resources

Financial Policy
The Group is striving to sustain high growth while concurrently emphasizing the maintenance of sound balance sheets and ample liquidity. To generate stable growth over the medium and long terms, we believe it is essential to relentlessly strive to realize "MISUMI Excellence" regarding front-end customer service as well as regarding back-end supplier relations as well as to remain effectively debt free, suppress asset increases, and pursue management efficiency as we move forward with the additional expansion of our profitability and growth potential.

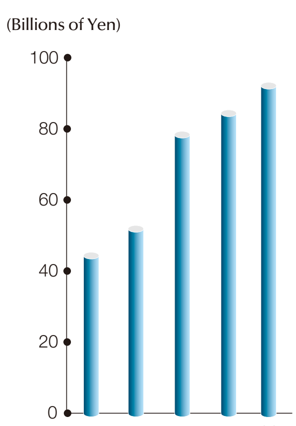
Cash Flows
At the close of fiscal 2007, cash and cash equivalents were ¥17,637 million, down ¥3,578 million from a year earlier.

Net cash provided by operating activities increased ¥4,109 million, to ¥11,244 million. The principal factors were ¥16,296 million in income before income taxes (and minority interest), ¥2,001 million in depreciation and amortization expense, a ¥1,208 million rise in receivables, a ¥725 million increase in payables, and ¥6,962 million in income taxes paid.

Net cash used in investing activities was ¥12,855 million, up ¥10,322 million from the fiscal 2006 level. This largely reflected the use of ¥11,487 million of cash to acquire marketable and investment securities, the use of ¥4,889 million of cash to purchase fixed assets, ¥2,654 million in proceeds from sales of marketable securities, and ¥2,055 million in refund from time deposits.

Net cash used in financing activities was ¥1,408 million, a ¥293 million increase from the fiscal 2006 level. This was due primarily to ¥892 million in proceeds from the issuance of stock and ¥2,028 million in dividends paid.

Total Assets



Assets
At year-end, total assets were up 9.9%, or ¥8,352 million, to ¥92,596 million. Total current assets expanded 1.5%, or ¥953 million, to ¥65,501 million. This was due mainly to higher trade notes and accounts receivable as a result of net sales growth, as well as a reduction in cash and cash equivalents as a result of the acquisition of investment securities.

Tangible fixed assets climbed 37.6%, or ¥7,399 million, to ¥27,095 million. Net property, plant and equipment surged 35.1%, or ¥3,480 million, to ¥13,409 million, mainly because of purchases of buildings, structures, and land.

Total investments and other assets increased 40.2%, or ¥3,919 million, to ¥13,686 million, principally because of a rise in investment securities and the recording of goodwill in connection with the acquisition of SP PARTS CO., LTD.

Liabilities
Total current and long-term liabilities increased 4.3%, or ¥867 million, to ¥21,173 million. Total current liabilities grew 1.5%, or ¥267 million, to ¥18,634 million. This mainly reflected growth in accrued bonuses and income taxes payable and a decrease in payables.

Total long-term liabilities were up 31.0%, or ¥600 million, to ¥2,539 million. The current ratio thus remained stable at 3.5 times, or approximately the same level as at the end of fiscal 2006.

Equity
Total equity, comprising total shareholders' equity after valuation and translation adjustments and equity warrants, was ¥71,423 million. The prime contributor was a rise in retained earnings as a result of higher net income. The equity ratio was thus 77.0%, while return on equity was 14.4%.

Capital Investment

Total capital investment in fiscal 2007 amounted to ¥4,981 million*. Allocations for the Factory Automation Businesses were ¥2,722 million, mainly to bolster production capacity. Spending for Die Components Businesses was ¥1,629 million, mainly to raise productivity and buy machinery, fixtures, and buildings to upgrade plant facilities for high-precision and high-value-added products. For the Electronics Businesses, spending was ¥273 million, mainly to reinforce systems. Investments for the Optical-Related Businesses were ¥185 million, most of this spending going to upgrade production facilities and purchase product development equipment, inspection instruments, and demonstration equipment for sales promotions. Diversified Businesses allocations were ¥172 million, mainly to augment systems.

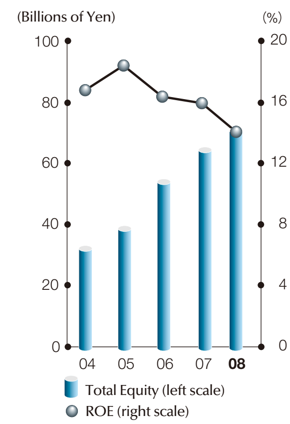
*Capital investment includes spending on property, plant and equipment and on leases.

Research and Development Activities

The Group conducts research and development largely to maintain and improve the manufacturing technologies of SURUGA SEIKI CO., LTD., without compromising Group management foundations. Group R&D entails daily collaboration with affiliates and units in each of the Group's business fields. Individual businesses oversee near-term R&D projects, while SURUGA SEIKI's Technology Development Division manages all other technological development. R&D expenses in fiscal 2007 were ¥0.4 billion.

R&D spending in the Factory Automation Businesses was ¥8 million, mainly to develop new products and increase productivity. The Die Components Businesses spent ¥287 million to expand in high-precision and high-value-added business areas and improve productivity. The expenditure of the Optical-Related Businesses was ¥105 million, for developing new products.

Total Equity and ROE



Business and Other Risks

The following factors related to Group business and financial situations may influence investor decisions.

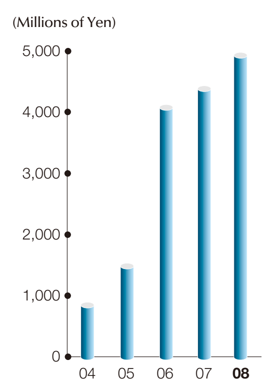
Effect of Trends in Certain Markets on Business Results

The Group primarily sells FA and press components. The major customers for these products are the automotive and electronic machinery (including LCs and semiconductors) industries. Thus, production and investment trends in these industries have an impact on the Group and may cause changes in Group results.

Overseas Businesses

The Group is proactively expanding overseas, and several key factors associated with overseas businesses may have a large impact on the Group, including the establishment of each overseas Group company's organizational structure, progress in local production and procurement plans, the degree of Group recognition in local markets, foreign exchange fluctuations, and changes in overseas political situations. If projects fail to proceed according to plans, this may delay the recovery of expenses and capital investments made with medium- to long-term objectives, thereby adversely impacting the Group's results and financial position.

Capital Investment



Safety Management

Because of the fields in which some of the Group's businesses operate, if the businesses were to suffer from product defects or other problems (including problems regarding the harmfulness of constituent materials in products), they could suffer economic losses in the form of sales suspensions and compensation to injured parties and also face impediments to business operations due to rumors or misinformation.

Customer Information Management

The Group uses a catalog sales business model—a form of database marketing—and handles a considerable amount of customer company information. Any information leaks because of ineffective information management or other reasons, such as computer viruses or hackers, could greatly impair trust in the Group and cause economic losses.

Natural Disasters

Large earthquakes or other natural disasters could disrupt product and merchandise logistics and harm the Group's performance and financial position.

Consolidated Balance Sheets

MISUMI Group Inc. and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	**¥17,637**	¥21,215	**$176,033**
Time deposits	**1,095**	2,351	**10,932**
Marketable securities (Note 3)	**5,122**	147	**51,122**
Receivables:			
Trade notes	**6,663**	7,023	**66,508**
Trade accounts	**21,425**	20,564	**213,849**
Other	**532**	121	**5,305**
Allowance for doubtful receivables	**(122)**	(112)	**(1,215)**
Inventories (Note 4)	**11,128**	11,040	**111,066**
Deferred tax assets (Note 9)	**1,157**	835	**11,547**
Other	**864**	1,364	**8,626**
Total current assets	**65,501**	64,548	**653,773**
PROPERTY, PLANT AND EQUIPMENT:			
Land	**4,316**	3,004	**43,077**
Buildings and structures	**7,805**	5,251	**77,902**
Machinery and vehicles	**5,598**	4,862	**55,875**
Other	**3,409**	3,776	**34,023**
Total	**21,128**	16,893	**210,877**
Accumulated depreciation and impairment loss	**(7,719)**	(6,964)	**(77,043)**
Net property, plant and equipment	**13,409**	9,929	**133,834**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	**6,420**	3,059	**64,084**
Investment in associated companies	**496**	380	**4,947**
Long-term time deposits	**1,500**	1,500	**14,972**
Software	**1,148**	1,174	**11,459**
Goodwill	**2,146**	1,411	**21,423**
Refundable insurance premium	**201**	600	**2,005**
Deferred tax assets (Note 9)	**1,000**	907	**9,986**
Other assets	**775**	736	**7,722**
Total investments and other assets	**13,686**	9,767	**136,598**
TOTAL	**¥92,596**	¥84,244	**$924,205**

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	**¥ 1,472**	¥ 1,649	**$ 14,691**
Current portion of long-term debt (Note 5)	**131**	67	**1,306**
Payables:			
Trade notes and accounts	**8,577**	8,387	**85,603**
Other	**2,528**	3,732	**25,230**
Income taxes payable (Note 9)	**3,814**	3,480	**38,072**
Accrued bonuses (Note 2.m)	**1,363**	234	**13,605**
Other	**749**	818	**7,479**
Total current liabilities	**18,634**	18,367	**185,986**
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	**561**		**5,603**
Liability for retirement benefits (Note 6)	**1,961**	1,814	**19,575**
Other	**17**	125	**162**
Total long-term liabilities	**2,539**	1,939	**25,340**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10 and 12)			
EQUITY (Notes 7, 8, 13, 14 and 15):			
Common stock—authorized, 340,000,000 shares in 2008 and 2007; issued, 88,921,084 shares in 2008 and 88,259,384 shares in 2007	**4,596**	4,060	**45,872**
Capital surplus	**14,368**	13,833	**143,409**
Stock acquisition rights	**121**	187	**1,210**
Retained earnings	**52,629**	44,960	**525,295**
Unrealized gain on available-for-sale securities	**200**	546	**1,998**
Foreign currency translation adjustments	**158**	997	**1,569**
Treasury stock—at cost, 383,776 shares in 2008 and 381,556 shares in 2007	**(649)**	(645)	**(6,474)**
Total equity	**71,423**	63,938	**712,879**
TOTAL	**¥92,596**	¥84,244	**$924,205**

Consolidated Statements of Income

MISUMI Group Inc. and Consolidated Subsidiaries
Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
NET SALES (Note 16)	**¥126,665**	¥118,139	¥105,408	**$1,264,249**
COST OF SALES	**79,788**	74,308	66,487	**796,365**
Gross profit	**46,877**	43,831	38,921	**467,884**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**30,560**	28,188	25,886	**305,021**
Operating income (Note 16)	**16,317**	15,643	13,035	**162,863**
OTHER INCOME (EXPENSES):				
Interest and dividend income	**217**	142	73	**2,166**
Interest expense	**(25)**	(46)	(42)	**(250)**
Exchange gain (loss)—net	**(452)**	74	276	**(4,507)**
Other—net	**239**	186	82	**2,379**
Other income (expenses)—net	**(21)**	356	389	**(212)**
INCOME BEFORE INCOME TAXES (AND MINORITY INTEREST)	**16,296**	15,999	13,424	**162,651**
INCOME TAXES (Note 9):				
Current	**6,821**	6,346	6,123	**68,077**
Deferred	**(223)**	206	(438)	**(2,223)**
Total income taxes	**6,598**	6,552	5,685	**65,854**
MINORITY INTEREST IN NET INCOME			120	
NET INCOME	**¥ 9,698**	¥ 9,447	¥ 7,619	**$ 96,797**
		Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.v, 7, 13 and 15):				
Net income	**¥109.72**	¥108.42	¥84.95	**$1.10**
Diluted net income	**109.26**	107.17	84.03	**1.09**
Cash dividends applicable to the year	**23.00**	22.00	18.00	**0.23**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

MISUMI Group Inc. and Consolidated Subsidiaries
Years Ended March 31, 2008, 2007 and 2006

	Thousands	Millions of Yen							
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2005	40,412	¥2,935	¥ 4,008		¥31,498	¥343	¥(77)	¥ (62)	¥38,645
Net income					7,619				7,619
Cash dividends, ¥16.00 per share					(1,336)				(1,336)
Bonuses to directors					(207)				(207)
Increase in treasury stock (170,155 shares)								(582)	(582)
Increase due to stock exchange (Note 2.b)	2,934		8,700						8,700
Deconsolidation of a subsidiary					(15)				(15)
Exercise of stock acquisition rights (Note 8)	246	308	308						616
Net change in the year						126	511		637
BALANCE, MARCH 31, 2006	43,592	3,243	13,016		37,559	469	434	(644)	54,077
Net income					9,447				9,447
Cash dividends, ¥20.50 per share					(1,780)				(1,780)
Bonuses to directors					(266)				(266)
Increase in treasury stock (370 shares)								(1)	(1)
Stock split (Note 7)	43,592								
Exercise of stock acquisition rights (Note 8)	1,075	817	817						1,634
Net change in the year				¥187		77	563		827
BALANCE, MARCH 31, 2007	88,259	4,060	13,833	187	44,960	546	997	(645)	63,938
Net income					**9,698**				**9,698**
Cash dividends, ¥23.00 per share					**(2,028)**				**(2,028)**
Increase in treasury stock (830 shares)								**(2)**	**(2)**
Disposal of treasury stock (110 shares)					**(1)**			**1**	
Exercise of stock acquisition rights (Note 8)	**662**	**536**	**535**						**1,071**
Treasury stock owned by the newly consolidated subsidiaries (1,500 shares)								**(3)**	**(3)**
Net change in the year				**(66)**		**(346)**	**(839)**		**(1,251)**
BALANCE, MARCH 31, 2008	**88,921**	**¥4,596**	**¥14,368**	**¥121**	**¥ 52,629**	**¥200**	**¥158**	**¥(649)**	**¥71,423**
		Thousands of U.S. Dollars (Note 1)							
BALANCE, MARCH 31, 2007		**$40,527**	**$138,065**	**$1,871**	**$448,743**	**$5,453**	**$9,947**	**$(6,436)**	**$638,170**
Net income					**96,797**				**96,797**
Cash dividends, $0.23 per share					**(20,242)**				**(20,242)**
Increase in treasury stock (830 shares)								**(16)**	**(16)**
Disposal of treasury stock (110 shares)					**(3)**			**5**	**2**
Exercise of stock acquisition rights (Note 8)		**5,345**	**5,344**						**10,689**
Treasury stock owned by the newly consolidated subsidiaries (1,500 shares)								**(26)**	**(26)**
Net change in the year				**(661)**		**(3,455)**	**(8,378)**	**(1)**	**(12,495)**
BALANCE, MARCH 31, 2008		**$45,872**	**$143,409**	**$1,210**	**$525,295**	**$1,998**	**$1,569**	**$(6,474)**	**$712,879**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

MISUMI Group Inc. and Consolidated Subsidiaries
Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
OPERATING ACTIVITIES:				
Income before income taxes (and minority interest)	**¥16,296**	¥15,999	¥13,424	**$162,651**
Adjustments for:				
Income taxes paid	**(6,962)**	(9,578)	(4,751)	**(69,488)**
Income taxes refund	**597**	2,112		**5,954**
Depreciation and amortization	**2,001**	1,747	1,873	**19,971**
Changes in assets and liabilities:				
Increase in receivables	**(1,208)**	(2,247)	(5,051)	**(12,061)**
Increase in inventories	**(229)**	(1,490)	(1,266)	**(2,284)**
Increase in payables	**725**	532	1,569	**7,235**
(Decrease) increase in other current liabilities	**(980)**	(345)	1,570	**(9,786)**
Other—net	**1,004**	405	(623)	**10,039**
Total adjustments	**(5,052)**	(8,864)	(6,679)	**(50,420)**
Net cash provided by operating activities	**11,244**	7,135	6,745	**112,231**
INVESTING ACTIVITIES:				
Proceeds from sales of marketable securities	**2,654**	250	127	**26,485**
Purchase of marketable securities	**(6,493)**			**(64,807)**
Purchase of investment securities	**(4,994)**		(1,014)	**(49,841)**
Purchase of property, plant and equipment	**(4,889)**	(4,640)	(2,729)	**(48,801)**
Proceeds from shares of previously consolidated subsidiaries	**655**			**6,542**
Purchases of shares of newly consolidated subsidiaries	**(1,256)**			**(12,541)**
Refund from time deposits	**2,055**	1,900	648	**20,508**
Payment into time deposits	**(1,004)**	(100)	(5,855)	**(10,017)**
Other—net	**417**	57	47	**4,158**
Net cash used in investing activities	**(12,855)**	(2,533)	(8,776)	**(128,314)**
FINANCING ACTIVITIES:				
Decrease in short-term bank loans—net	**(205)**	(800)	(1,103)	**(2,045)**
Proceeds from long-term debt			298	
Repayments of long-term debt	**(66)**	(165)	(180)	**(663)**
Redemptions of bonds			(700)	
Proceeds from issuance of stock	**892**	1,630	596	**8,912**
Repurchase of treasury stock	**(1)**			**(14)**
Dividends paid	**(2,028)**	(1,780)	(1,334)	**(20,242)**
Net cash (used in) financing activities	**(1,408)**	(1,115)	(2,423)	**(14,052)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(559)**	239	198	**(5,580)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,578)**	3,726	(4,256)	**(35,715)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**21,215**	17,489	20,738	**211,748**
INCREASE IN CASH AND CASH EQUIVALENTS DUE TO NEWLY CONSOLIDATED SUBSIDIARIES			1,021	
DECREASE IN CASH AND CASH EQUIVALENTS DUE TO DECONSOLIDATION OF A SUBSIDIARY			(14)	
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥17,637**	¥21,215	¥17,489	**$176,033**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MISUMI Group Inc. and Consolidated Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements for the year ended March 31, 2008 issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2007 and 2006 consolidated financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MISUMI Group Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to $1, the rate of exchange at March 31, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation —The consolidated financial statements as of March 31, 2008 and 2007 include the accounts of the Company and its 24 subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investment in two associated companies is accounted for by the equity method.

Two subsidiaries, PARTS KOREA CO., LTD. and WUXI PARTS SEIKO PRECISION IND. CO., LTD. are not consolidated in 2008 because they would have an immaterial effect on the accompanying consolidated financial statements. Investments in the two unconsolidated subsidiaries are accounted for on the cost basis.

The differences between the cost and underlying net equity of investments in consolidated subsidiaries at acquisition are recorded as goodwill included in investments and other assets and are being amortized on a straight-line basis over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

For consolidated subsidiaries or associated companies whose closing dates are different from that of the Company, certain adjustments necessary to consolidate have been made.

b. Group Reorganization—On April 1, 2005, the Company newly established MISUMI Corporation through a divestiture that assumed all the business of the Company. The Company changed its name to MISUMI Group Inc. in becoming a holding company.

After becoming a holding company through divestiture, the Company executed an exchange of shares and became the parent company of wholly owned subsidiary, SURUGA SEIKI CO., LTD.

c. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and money management funds similar to money market mutual funds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

d. Inventories—Merchandise and material are principally stated at cost determined by the moving-average method. Finished goods, work in process and supplies are principally stated at cost by the specific method, except catalogues that are stated at cost by the last purchase method.

e. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and (2) available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. Allowance for Doubtful Accounts—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

g. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment held by domestic consolidated subsidiaries is computed principally by the declining-balance method, whereas the straight-line method is applied to those held by consolidated foreign subsidiaries.

The range of useful lives is principally as follows:

Buildings and structures	3 to 45 years
Machineries and vehicles	4 to 10 years

h. Long-lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. Other Assets—Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method over five years.

j. Research and Development Costs—Research and development costs are charged to income as incurred.

k. Stock Issue Costs—Stock issue costs are charged to income as incurred.

l. Retirement Plan—The Company and certain subsidiaries have unfunded retirement benefit plans for employees which are non-contributory. Certain consolidated subsidiaries have non-contributory funded pension plans. The Group provided for the liability for employees' retirement benefits based on the projected benefit obligation and plan assets at the balance sheet date. Actuarial gains and losses are charged to income as incurred, whereas amortized over ten years for those incurred in certain consolidated subsidiaries.

Prior to the fiscal year ended March 31, 2006, the Group used the simplified method to account for the liability for employees' retirement benefits. Effective the fiscal year ended March 31, 2007, however, the Group changed its method of accounting for such retirement benefits to a standard method.

This change was made because assumptions used for the computation of the benefit obligation and actuarial gain or loss became effective due to an increase in the number of employees that resolved deviations in their age and length of service. The effect of this change, calculated by comparing the amount of projected benefit obligations at the beginning of the year determined by the simplified method and that are determined by the standard method, was to decrease income before income taxes for the year ended March 31, 2007 by ¥25 million, which are included in selling, general and administrative expenses.

The annual provisions for retirement payments to directors and corporate auditors are calculated to present the liability at the amount that would be required if all of the Company's eligible directors and corporate auditors who are covered by the retirement payment plan retired at each balance sheet date.

m. Accrued Bonuses—The Company and certain consolidated subsidiaries provide accrued bonuses for employees, directors and corporate auditors based on future projections for the current fiscal year. Previously, the Company and certain consolidated subsidiaries included accrued bonuses for employees, directors and corporate auditors in other current liabilities. Due to the partial change of a performance-based bonus system, the accrued amount does not meet the defined requisite, and therefore the Company and certain consolidated subsidiaries recategorized this line item as accrued bonuses in the 2008 consolidated balance sheet.

n. Bonuses to Directors and Corporate Auditors—Prior to the fiscal year ended March 31, 2005, bonuses to directors and corporate auditors were accounted for as a reduction of retained earnings in the fiscal year following approval at the general shareholders meeting. The Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 13, "Accounting Treatment for Bonuses to Directors and Corporate Auditors," which encouraged companies to record bonuses to directors and corporate auditors on the accrual basis with a related charge to income, but still permitted the direct reduction of such bonuses from retained earnings after approval of the appropriation of retained earnings.

The ASBJ replaced the above accounting pronouncement by issuing a new accounting standard for bonuses to directors and corporate auditors on November 29, 2005. Under the new accounting standard, bonuses to directors and corporate auditors must be expensed and are no longer allowed to be directly charged to retained earnings. This accounting standard is effective for fiscal years ending on or after May 1, 2006. The companies must accrue bonuses to directors and corporate auditors at the year-end to which such bonuses are attributable.

The Company adopted the new accounting standard for bonuses to directors and corporate auditors in the year ended March 31, 2007. The effect of adoption of this accounting standard was to decrease income before income taxes for the year ended March 31, 2007 by ¥270 million.

o. Stock Options—On December 27, 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

The Company applied the new accounting standard for stock options to those granted on and after the fiscal year ended March 31, 2007. The effect of adoption of this accounting standard for the year ended March 31, 2007 was to decrease income before income taxes by ¥187 million.

p. Leases—All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

q. Derivative Financial Instruments—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign currency forward contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes. All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income.

r. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

s. Presentation of Equity—On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

t. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

u. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity. Revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the average exchange rate.

v. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if stock option rights were exercised. Diluted net income per share of common stock assumes full exercise of dilutive outstanding stock option rights.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, and are retroactively adjusted for stock splits.

w. New Accounting Pronouncements

Measurement of Inventories—Under Japanese GAAP, inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting—On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized recognizing lease assets and lease obligations in the balance sheet. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—Under Japanese GAAP, a company currently can use the financial statements of its foreign subsidiaries which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The new standard prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current:			
Corporate and public bonds	**¥5,018**	¥ 20	**$50,082**
Trust fund investments	**104**	127	**1,040**
Total	**¥5,122**	¥ 147	**$51,122**
Non-current:			
Equity securities	**¥ 183**	¥ 295	**$ 1,822**
Corporate and public bonds	**5,025**	1,032	**50,160**
Trust fund investments	**1,212**	1,730	**12,102**
Other		2	
Total	**¥6,420**	¥3,059	**$64,084**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2008 and 2007 were as follows:

	Millions of Yen			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	**¥ 109**	**¥ 69**	**¥ 2**	**¥ 176**
Debt securities	**10,025**	**23**	**5**	**10,043**
Trust fund investments	**1,073**	**275**	**31**	**1,317**

	Millions of Yen			
	2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	¥ 109	¥178		¥ 287
Debt securities	1,039	16	¥3	1,052
Trust fund investments	1,135	724	2	1,857

	Thousands of U.S. Dollars			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale:				
Equity securities	**$ 1,089**	**$ 686**	**$ 18**	**$ 1,757**
Debt securities	**100,060**	**230**	**49**	**100,241**
Trust fund investments	**10,705**	**2,748**	**310**	**13,143**

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2008 and 2007, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Available-for-sale:			
Equity securities	**¥6**	¥ 8	**$64**
Other		2	
Total	**¥6**	¥10	**$64**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2008 and 2007, were ¥149 million ($1,488 thousand) and ¥862 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, for the years ended March 31, 2008 and 2007 were ¥78 million ($776 thousand) and ¥45 million, respectively.

The redemption amounts of debt securities and trust fund investments by contractual maturities for securities classified either as available-for-sale or held-to-maturity at March 31, 2008, are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Available for Sale	Held to Maturity	Available for Sale	Held to Maturity
Due in one year or less	**¥104**	**¥5,019**	**$1,041**	**$50,094**
Due after one year through five years	**81**	**4,000**	**808**	**39,929**
Due after 10 years	**105**		**1,044**	
Total	**¥290**	**¥9,019**	**$2,893**	**$90,023**

4. INVENTORIES

Inventories at March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Merchandise	**¥ 7,158**	¥ 7,256	**$ 71,441**
Finished goods	**342**	325	**3,409**
Materials	**2,684**	2,310	**26,792**
Supplies	**494**	512	**4,927**
Work in process and other	**450**	637	**4,497**
Total	**¥11,128**	¥11,040	**$111,066**

5. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

The annual interest rates applicable to the short-term bank loans ranged from 0.91% to 5.85% and from 0.91% to 5.85% at March 31, 2008 and 2007.

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Unsecured loan from banks (due 2013 to 2014 with weighted-average interest rate of 1.58% at March 31, 2008)	**¥692**	¥67	**$6,909**
Total	**692**	67	**6,909**
Less current portion	**(131)**	(67)	**(1,306)**
Long-term debt, less current portion	**¥561**		**$5,603**

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

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	**¥131**	**$1,306**
2010	**131**	**1,306**
2011	**131**	**1,306**
2012	**127**	**1,269**
2013	**123**	**1,225**
2014	**49**	**497**
Total	**¥692**	**$6,909**

6. RETIREMENT PLAN

Under most circumstances, terminated employees are entitled to retirement payments based on their rate of pay at the time of termination, years of service and certain other factors. Such retirement payments are made in the form of a lump-sum payment from the Company and certain consolidated subsidiaries.

Certain consolidated subsidiaries have non-contributory funded pension plans for employees which cover 100% of their benefits.

The liability for retirement benefits at March 31, 2008 and 2007 for the directors and corporate auditors are ¥580 million ($5,791 thousand) and ¥542 million, respectively. The amounts payable to directors and corporate auditors upon retirement is subject to the approval of the shareholders.

The liability for employee's retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Projected benefit obligation	**¥1,958**	¥1,733	**$19,548**
Fair value of plan assets	**(510)**	(443)	**(5,090)**
Unrecognized actuarial loss	**(67)**	(18)	**(674)**
Net liability	**¥1,381**	¥1,272	**$13,784**

The components of net periodic benefit costs for the year ended March 31, 2008 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2008	**2008**
Service cost	**¥264**	**$2,639**
Interest cost	**26**	**255**
Expected return on plan assets	**(13)**	**(131)**
Recognized actuarial loss	**65**	**654**
Net periodic benefit costs	**¥342**	**$3,417**

Assumptions used for the year ended March 31, 2008 are set forth as follows:

	2008
Discount rate	**1.5%**
Expected rate of return on plan assets	**3.0**

Actuarial gains and losses are charged to income as incurred, while amortized over 10 years for those incurred in certain consolidated subsidiaries.

Transitional obligation is charged to income when incurred.

7. EQUITY

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting, if companies meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation. The Board of Directors of such company may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and the legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, the legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity. The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

On April 1, 2006, the Company made a 2-for-1 stock split by way of a free share distribution to each outstanding share based on the resolution of the Board of Directors meeting held on February 20, 2006.

8. STOCK OPTIONS

The stock options outstanding as of March 31, 2008 are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2003 Stock Option (1)	1 director	450,000 shares	2003.7.1	¥1,394 ($13.91)	From August 1, 2005 to July 31, 2010
2003 Stock Option (2)	4 directors 119 employees 1 director of subsidiary	600,000 shares	2003.12.1	¥1,742 ($17.39)	From August 1, 2005 to July 31, 2010
2004 Stock Option (1)	2 directors 3 employees	552,000 shares	2004.7.1	¥1,795 ($17.92)	From August 1, 2006 to July 31, 2011
2004 Stock Option (2)	4 directors 139 employees	497,200 shares	2005.3.15	¥1,735 ($17.32)	From August 1, 2006 to July 31, 2011
2005 Stock Option (1)	2 directors 1 employee	489,000 shares	2005.7.1	¥1,785 ($17.82)	From August 1, 2007 to July 31, 2012
2005 Stock Option (2)	2 directors 166 employees	708,400 shares	2006.3.1	¥2,534 ($25.29)	From August 1, 2007 to July 31, 2012
2006 Stock Option	6 directors	92,900 shares	2006.7.12	¥1 ($0.01)	From July 1, 2007 to June 30, 2008
2007 Stock Option (1)	6 directors	280,000 shares	2007.7.12	¥2,219 ($22.15)	From August 1, 2009 to July 31, 2014
2007 Stock Option (2)	15 employees of the Group	60,000 shares	2008.1.11	¥2,027 ($20.23)	From February 1, 2010 to January 31, 2015

Note: The number of options granted and exercise price in the table above are presented after giving effect of stock splits.

Stock option activity is as follows:

	2003 Stock Option (1)	2003 Stock Option (2)	2004 Stock Option (1)	2004 Stock Option (2)
	(Shares)			
For the Year Ended March 31, 2007				
Non-vested:				
March 31, 2006—outstanding				
Stock split				
Granted				
Canceled				
Vested				
March 31, 2007—outstanding				
Vested:				
March 31, 2006—outstanding	225,000	267,600	276,000	248,600
Stock split	225,000	267,600	276,000	248,600
Vested				
Exercised		94,800	24,400	54,600
Canceled		8,100		
March 31, 2007—outstanding	450,000	432,300	527,600	442,600
For the Year Ended March 31, 2008				
Non-vested:				
March 31, 2007—outstanding				
Stock split				
Granted				
Canceled				
Vested				
March 31, 2008—outstanding				
Vested:				
March 31, 2007—outstanding	**450,000**	**432,300**	**527,600**	**442,600**
Stock split				
Vested				
Exercised	**8,400**	**95,100**	**17,200**	**85,400**
Canceled		**15,900**	**6,800**	**17,400**
March 31, 2008—outstanding	**441,600**	**321,300**	**503,600**	**339,800**
	Yen (U.S. Dollars)			
Exercise price	**¥1,394**	**¥1,742**	**¥1,795**	**¥1,735**
	($13.91)	**($17.39)**	**($17.92)**	**($17.32)**
Average stock price at exercise	**¥1,921**	**¥1,963**	**¥2,027**	**¥2,041**
	($19.17)	**($19.59)**	**($20.23)**	**($20.37)**

	2005 Stock Option (1)	2005 Stock Option (2)	2006 Stock Option	2007 Stock Option (1)	2007 Stock Option (2)
			(Shares)		
For the Year Ended March 31, 2007					
Non-vested:					
March 31, 2006—outstanding	244,500	354,200			
Stock split	244,500	354,200			
Granted			92,900		
Canceled					
Vested					
March 31, 2007—outstanding	489,000	708,400	92,900		
Vested:					
March 31, 2006—outstanding					
Stock split					
Vested					
Exercised					
Canceled					
March 31, 2007—outstanding					
For the Year Ended March 31, 2008					
Non-vested:					
March 31, 2007—outstanding	**489,000**	**708,400**	**92,900**		
Stock split					
Granted				**280,000**	**60,000**
Canceled					
Vested	**489,000**	**708,400**	**92,900**	**280,000**	
March 31, 2008—outstanding					**60,000**
Vested:					
March 31, 2007—outstanding					
Stock split					
Vested	**489,000**	**708,400**	**92,900**	**280,000**	
Exercised			**87,200**		
Canceled		**400**			
March 31, 2008—outstanding	**489,000**	**708,000**	**5,700**	**280,000**	
			Yen (U.S. Dollars)		
Exercise price	**¥1,785**	**¥2,534**	**¥1**	**¥2,219**	**¥2,027**
	($17.82)	**($25.29)**	**($0.01)**	**($22.15)**	**($20.23)**
Average stock price at exercise			**¥1,906**		
			($19.02)		
Fair value price at grant date			**¥2,018**	**¥384**	**¥305**
			($20.14)	**($3.83)**	**($3.04)**

The Assumptions Used to Measure Fair Value of Stock Options Granted on or after May 1, 2007

Granted on July 12, 2007

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	25.21%
Estimated remaining outstanding period:	4.56 years
Estimated dividend:	¥22 per share
Risk-free interest rate:	1.42%

Notes: 1. Volatility of stock price is calculated based on the actual stock prices in the period from December 2002 to July 2007.
2. Estimated remaining outstanding period is determined based on the assumption that all options would be exercised until the middle date of the exercise period.
3. Estimated dividend is determined based on the actual dividend applicable to the year ended March 31, 2007.
4. For the risk-free interest rate, the Company uses the yield of Japanese treasury bonds applicable to the estimated remaining outstanding period of options.

Granted on January 11, 2008

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	23.59%
Estimated remaining outstanding period:	4.56 years
Estimated dividend:	¥23 per share
Risk-free interest rate:	0.85%

Notes: 1. Volatility of stock price is calculated based on the actual stock prices in the period from June 2003 to December 2007.
2. Estimated remaining outstanding period is determined based on the assumption that all options would be exercised until the middle date of the exercise period.
3. Estimated dividend is determined based on the actual dividend applicable to the year ended March 31, 2007.
4. For the risk-free interest rate, the Company uses the yield of Japanese treasury bonds applicable to the estimated remaining outstanding period of options.

9. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2008, 2007 and 2006.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current deferred tax assets:			
Devaluation of inventories	**¥ 221**	¥ 200	**$ 2,202**
Accrued enterprise tax	**272**	251	**2,715**
Other payable		353	
Accrued bonuses	**530**		**5,290**
Unrealized income	**111**		**1,104**
Other—net	**35**	63	**356**
Current deferred tax assets	**1,169**	867	**11,667**
Current deferred tax liabilities:			
Valuation on available-for-sale securities	**0**	31	**5**
Other—net	**12**	1	**115**
Current deferred tax liabilities	**12**	32	**120**
Net current deferred tax assets	**¥1,157**	¥ 835	**$11,547**
Non-current deferred tax assets:			
Liabilities for retirement benefits	**¥ 535**	¥ 718	**$ 5,339**
Valuation on available-for-sale securities	**354**	192	**3,536**
Depreciation	**242**	243	**2,413**
Other—net	**160**	254	**1,598**
Non-current deferred tax assets	**1,291**	1,407	**12,886**
Non-current deferred tax liabilities:			
Valuation on fixed assets	**149**	149	**1,484**
Valuation on available-for-sale securities	**134**	341	**1,336**
Other—net	**8**	10	**80**
Non-current deferred tax liabilities	**291**	500	**2,900**
Net non-current deferred tax assets	**¥1,000**	¥ 907	**$ 9,986**

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2008, 2007 and 2006 was not presented because the differences between them were not material.

10. LEASES

The Group leases certain machinery, computer and telecommunication equipment, office space and other assets.
Total rental expense for the years ended March 31, 2008, 2007 and 2006, was ¥1,325 million ($13,224 thousand), ¥1,154 million and ¥837 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance lease, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2008 and 2007, was as follows:

	Millions of Yen		
	2008		
	Machineries and Vehicles	Other	Total
Acquisition cost	**¥2,641**	**¥321**	**¥2,962**
Accumulated depreciation	**(1,277)**	**(225)**	**(1,502)**
Net leased property	**¥1,364**	**¥ 96**	**¥1,460**

	Millions of Yen		
	2007		
	Machineries and Vehicles	Other	Total
Acquisition cost	¥3,158	¥433	¥3,591
Accumulated depreciation	(1,375)	(261)	(1,636)
Accumulated impairment loss	(145)		(145)
Net leased property	¥1,638	¥172	¥1,810

	Thousands of U.S. Dollars		
	2008		
	Machineries and Vehicles	Other	Total
Acquisition cost	**$26,355**	**$3,212**	**$29,567**
Accumulated depreciation	**(12,747)**	**(2,251)**	**(14,998)**
Net leased property	**$13,608**	**$ 961**	**$14,569**

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Obligations under finance leases:			
Due within one year	**¥ 459**	¥ 548	**$ 4,585**
Due after one year	**1,048**	1,463	**10,459**
Total	**¥1,507**	¥2,011	**$15,044**

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Depreciation expense and interest expense under finance leases:			
Depreciation expense	**¥538**	¥661	**$5,373**
Interest expense	**51**	65	**505**
Total	**¥589**	¥726	**$5,878**
Lease payments	**¥588**	¥720	**$5,868**
Impairment loss		145	

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2008 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	**¥ 85**	**$ 848**
Due after one year	**35**	**345**
Total	**¥120**	**$1,193**

11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥401 million ($4,000 thousand), ¥618 million and ¥821 million for the years ended March 31, 2008, 2007 and 2006, respectively.

12. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Fair Value of Derivative Financial Instruments
The fair value of the Company's derivative financial instruments at March 31, 2008 and 2007 is as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2008			**2008**		
	Contract Amount	Fair Value	Unrealized Gain/Loss	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:						
Buying	**¥566**	**¥602**	**¥36**	**$5,647**	**$6,013**	**$366**
Selling	**812**	**789**	**(23)**	**8,109**	**7,873**	**(236)**

	Millions of Yen		
	2007		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts:			
Buying	¥530	¥533	¥ 3
Selling	850	838	(12)

13. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS"), after retroactive restatement of stock split for the years ended March 31, 2008, 2007 and 2006, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2008	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common shareholders	**¥9,698**	**88,390**	**¥109.72**	**$1.10**
Effect of dilutive securities—Stock options		**371**		
Diluted EPS—Net income for computation	**¥9,698**	**88,761**	**¥109.26**	**$1.09**
Year Ended March 31, 2007				
Basic EPS—Net income available to common shareholders	¥9,447	87,129	¥108.42	
Effect of dilutive securities—Stock options		1,015		
Diluted EPS—Net income for computation	¥9,447	88,144	¥107.17	
Year Ended March 31, 2006				
Basic EPS—Net income available to common shareholders	¥7,353	86,563	¥ 84.95	
Effect of dilutive securities—Stock options		944		
Diluted EPS—Net income for computation	¥7,353	87,507	¥ 84.03	

14. RELATED PARTY TRANSACTION

For the Year Ended March 31, 2008

None applicable.

For the Year Ended March 31, 2007

None applicable.

For the Year Ended March 31, 2006

The stock option plan, which was approved at the shareholders meeting on June 23, 2005, grants directors without compensation the right to purchase up to 466 thousand shares and 136 thousand shares of the Company's common stock, which will be granted at the exercise price of ¥1,785 and ¥2,534, respectively, or ¥1,174 million in the period from August 1, 2007 to July 31, 2012. The exercise price and number of shares are retroactively restated for a 2-for-1 stock split made in the fiscal year 2007.

15. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2008, were approved at the shareholders meeting held on June 20, 2008:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥12 ($0.12) per share	**¥1,062**	**$10,604**

16. SEGMENT INFORMATION

Information about operations in different industry segments, geographical segments and sales to foreign customers of the Company and its consolidated subsidiaries for the years ended March 31, 2008, 2007 and 2006, is as follows:

(1) Industry Segments

a. Sales and Operating Income

	Millions of Yen						
	2008						
	Factory Automation Businesses	Die Components Businesses	Electronics Businesses	Optics Businesses	Diversified Businesses	Eliminations (Corporate)	Consolidated
Sales to customers	**¥62,279**	**¥34,514**	**¥12,957**	**¥5,954**	**¥10,961**		**¥126,665**
Intersegment sales							
Total sales	**62,279**	**34,514**	**12,957**	**5,954**	**10,961**		**126,665**
Operating expenses	**51,919**	**30,727**	**11,313**	**5,457**	**10,439**	**¥ 493**	**110,348**
Operating income	**¥10,360**	**¥ 3,787**	**¥ 1,644**	**¥ 497**	**¥ 522**	**¥(493)**	**¥ 16,317**

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Millions of Yen						
	2008						
	Factory Automation Businesses	Die Components Businesses	Electronics Businesses	Optics Businesses	Diversified Businesses	Eliminations (Corporate)	Consolidated
Assets	**¥30,518**	**¥23,029**	**¥4,420**	**¥4,999**	**¥3,865**	**¥25,765**	**¥92,596**
Depreciation	**604**	**510**	**137**	**184**	**73**		**1,508**
Impairment loss		**21**					**21**
Capital expenditures	**2,085**	**1,241**	**208**	**142**	**129**		**3,805**

a. Sales and Operating Income

	Thousands of U.S. Dollars						
	2008						
	Factory Automation Businesses	Die Components Businesses	Electronics Businesses	Optics Businesses	Diversified Businesses	Eliminations (Corporate)	Consolidated
Sales to customers	**$621,607**	**$344,490**	**$129,321**	**$59,424**	**$109,407**		**$1,264,249**
Intersegment sales							
Total sales	**621,607**	**344,490**	**129,321**	**59,424**	**109,407**		**1,264,249**
Operating expenses	**518,205**	**306,690**	**112,912**	**54,460**	**104,202**	**$ 4,917**	**1,101,386**
Operating income	**$103,402**	**$ 37,800**	**$ 16,409**	**$ 4,964**	**$ 5,205**	**$(4,917)**	**$ 162,863**

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Thousands of U.S. Dollars						
	2008						
	Factory Automation Businesses	Die Components Businesses	Electronics Businesses	Optics Businesses	Diversified Businesses	Eliminations (Corporate)	Consolidated
Assets	**$304,599**	**$229,857**	**$44,118**	**$49,892**	**$38,578**	**$257,161**	**$924,205**
Depreciation	**6,028**	**5,086**	**1,363**	**1,832**	**745**		**15,054**
Impairment loss		**206**					**206**
Capital expenditures	**20,810**	**12,391**	**2,072**	**1,420**	**1,283**		**37,976**

a. Sales and Operating Income

	Factory Automation Businesses	Die Components Businesses	Electronics Businesses	Optics Businesses	Diversified Businesses	Eliminations (Corporate)	Consolidated
	Millions of Yen						
	2007						
Sales to customers	¥56,344	¥32,796	¥11,836	¥4,333	¥12,830		¥118,139
Intersegment sales							
Total sales	56,344	32,796	11,836	4,333	12,830		118,139
Operating expenses	46,381	28,812	10,488	3,898	12,422	¥ 495	102,496
Operating income	¥ 9,963	¥ 3,984	¥ 1,348	¥ 435	¥ 408	¥(495)	¥ 15,643

b. Assets, Depreciation, Impairment Loss and Capital Expenditures

	Factory Automation Businesses	Die Components Businesses	Electronics Businesses	Optics Businesses	Diversified Businesses	Eliminations (Corporate)	Consolidated
	Millions of Yen						
	2007						
Assets	¥26,382	¥19,624	¥3,909	¥2,757	¥4,625	¥26,947	¥84,244
Depreciation	545	486	86	56	79		1,252
Impairment loss				184			184
Capital expenditures	2,337	1,450	116	137	113		4,153

a. Sales and Operating Income

	Factory Automation Businesses	Die Components Businesses	Electronics Businesses	Optics Businesses	Diversified Businesses	Eliminations (Corporate)	Consolidated
	Millions of Yen						
	2006						
Sales to customers	¥46,405	¥31,502	¥10,085	¥4,180	¥13,236		¥105,408
Intersegment sales							
Total sales	46,405	31,502	10,085	4,180	13,236		105,408
Operating expenses	37,980	28,020	8,829	3,956	13,038	¥ 550	92,373
Operating income	¥ 8,425	¥ 3,482	¥ 1,256	¥ 224	¥ 198	¥(550)	¥ 13,035

b. Assets, Depreciation and Capital Expenditures

	Factory Automation Businesses	Die Components Businesses	Electronics Businesses	Optics Businesses	Diversified Businesses	Eliminations (Corporate)	Consolidated
	Millions of Yen						
	2006						
Assets	¥20,729	¥16,331	¥3,499	¥3,402	¥5,240	¥28,976	¥78,177
Depreciation	490	494	86	78	174		1,322
Capital expenditures	667	1,494	106	132	139		2,538

(2) Geographical Segments

The geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2008, 2007 and 2006, are summarized as follows:

	Japan	Asia	North and South America	Europe	Eliminations (Corporate)	Consolidated
	Millions of Yen					
	2008					
Sales to customers	**¥102,168**	**¥18,221**	**¥4,035**	**¥ 2,241**		**¥126,665**
Interarea transfer	**13,854**	**5,387**	**3**	**255**	**¥(19,499)**	
Total sales	**116,022**	**23,608**	**4,038**	**2,496**	**(19,499)**	**126,665**
Operating expenses	**101,517**	**21,095**	**4,215**	**2,568**	**(19,047)**	**110,348**
Operating income (loss)	**¥ 14,505**	**¥ 2,513**	**¥ (177)**	**¥ (72)**	**¥ (452)**	**¥ 16,317**
Assets	**¥ 55,006**	**¥17,267**	**¥1,335**	**¥1,804**	**¥ 17,184**	**¥ 92,596**

	Thousands of U.S. Dollars					
	2008					
	Japan	Asia	North and South America	Europe	Eliminations (Corporate)	Consolidated
Sales to customers	**$1,019,740**	**$181,861**	**$ 40,277**	**$22,371**		**$1,264,249**
Interarea transfer	**138,281**	**53,776**	**25**	**2,541**	**$(194,623)**	
Total sales	**1,158,021**	**235,637**	**40,302**	**24,912**	**(194,623)**	**1,264,249**
Operating expenses	**1,013,244**	**210,550**	**42,066**	**25,634**	**(190,108)**	**1,101,386**
Operating income (loss)	**$ 144,777**	**$ 25,087**	**$ (1,764)**	**$ (722)**	**$ (4,515)**	**$ 162,863**
Assets	**$ 549,014**	**$172,347**	**$13,323**	**$18,001**	**$ 171,520**	**$ 924,205**

	Millions of Yen					
	2007					
	Japan	Asia	North and South America	Europe	Eliminations (Corporate)	Consolidated
Sales to customers	¥ 99,024	¥14,729	¥3,229	¥1,157		¥118,139
Interarea transfer	10,887	5,345	88	549	¥(16,869)	
Total sales	109,911	20,074	3,317	1,706	(16,869)	118,139
Operating expenses	95,639	17,995	3,312	1,924	(16,374)	102,496
Operating income (loss)	¥ 14,272	¥ 2,079	¥ 5	¥ (218)	¥ (495)	¥ 15,643
Assets	¥ 52,458	¥15,496	¥1,563	¥1,302	¥ 13,425	¥ 84,244

	Millions of Yen					
	2006					
	Japan	Asia	North and South America	Europe	Eliminations (Corporate)	Consolidated
Sales to customers	¥ 91,295	¥10,686	¥2,696	¥ 731		¥105,408
Interarea transfer	10,451	3,886	85	528	¥(14,950)	
Total sales	101,746	14,572	2,781	1,259	(14,950)	105,408
Operating expenses	88,834	13,284	3,119	1,411	(14,275)	92,373
Operating income (loss)	¥ 12,912	¥ 1,288	¥ (338)	¥ (152)	¥ (675)	¥ 13,035
Assets	¥ 44,901	¥11,840	¥1,341	¥ 687	¥ 19,408	¥ 78,177

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2008, 2007 and 2006, were as follows:

	Millions of Yen			
	2008			
	Asia	North and South America	Europe	Total
Sales to foreign customers	**¥19,560**	**¥4,066**	**¥2,244**	**¥25,870**

	Thousands of U.S. Dollars			
	2008			
	Asia	North and South America	Europe	Total
Sales to foreign customers	**$195,218**	**$40,588**	**$22,399**	**$258,205**

	Millions of Yen			
	2007			
	Asia	North and South America	Europe	Total
Sales to foreign customers	¥15,673	¥3,357	¥1,162	¥20,192

	Millions of Yen			
	2006			
	Asia	North and South America	Europe	Total
Sales to foreign customers	¥11,500	¥2,814	¥738	¥15,052

Independent Auditors' Report

Deloitte.

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To the Board of Directors of
MISUMI Group Inc.:

We have audited the accompanying consolidated balance sheets of MISUMI Group Inc. (the "Company") and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2008, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MISUMI Group Inc. and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 20, 2008

Company Profile and Investor Information

(As of March 31, 2008)

Corporate Profile

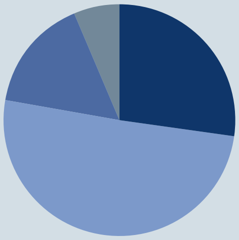
Corporate Name	MISUMI Group Inc.
Established	February 23, 1963
Head Office	4-43, Toyo 2-chome, Koto-ku, Tokyo 135-8458
Paid-in Capital	¥4,595,000,000
Stock Listing	Tokyo Stock Exchange (Ticker code: 9962)
Fiscal Year	From April 1 to March 31
General Shareholders' Meeting	Generally held in June
Description of Business	Development of Group management strategies, administration, and all functions related to Group management
URL	http://www.misumi.co.jp/

Investor Information

Authorized Number of Shares	340,000,000
Issued Number of Shares	88,921,084
Number of Shareholders	6,077

Composition of Shareholders

- Banks and Other Financial Institutions — 27.35%
- Foreign Corporations and Other Foreign Investors — 50.44%
- Individuals and Other — 15.86%
- Other Companies — 6.35%



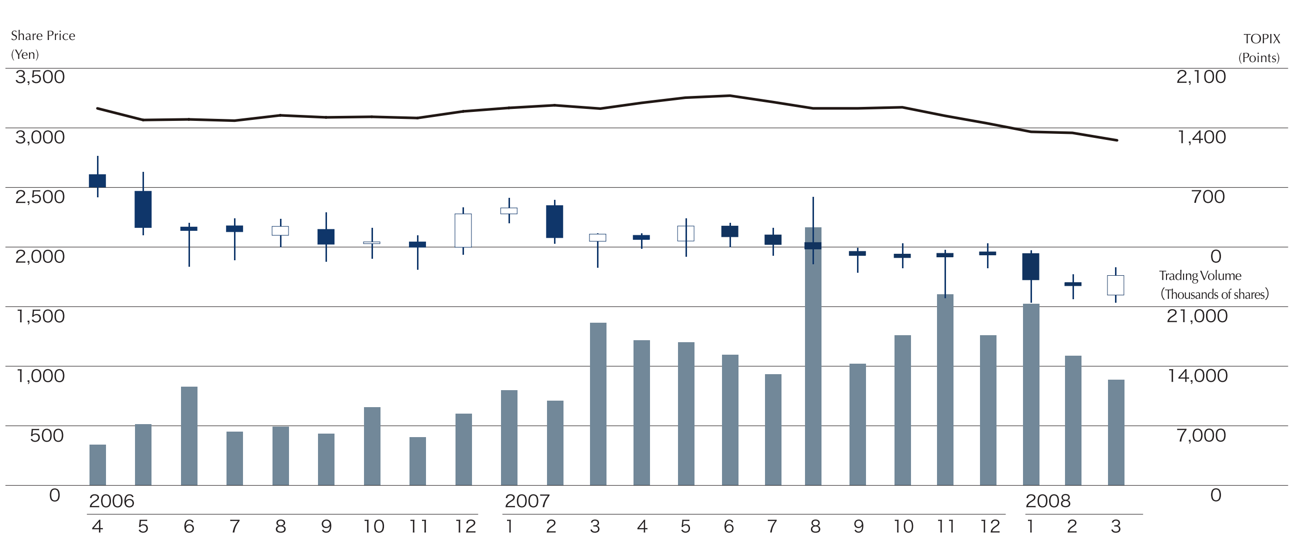
Major Shareholders

Name of Shareholder	Number of Shares Held (Thousands)	Percentage of Shares Held (%)
State Street Trust and Banking Company, Ltd.	16,533	18.59
The Master Trust Bank of Japan, Ltd.	8,625	9.70
Hiroshi Taguchi	6,727	7.57
Goldman Sachs and Company Regular Account	4,835	5.44
M-out Inc.	4,045	4.55
Mizuho Trust & Banking Co., Ltd. (Retirement Benefits Trust, Mizuho Bank, Ltd. Account)	3,560	4.00
CBNY-ORBIS SICAV	3,164	3.56
Japan Trustee Services Bank, Ltd.	2,339	2.63
Nippon Life Insurance Company	2,014	2.27
The Nomura Trust and Banking Co., Ltd.	1,996	2.24

Stock Splits

May	1994	1	➡	1.2
May	1995	1	➡	1.1
May	1996	1	➡	1.1
November	1997	1	➡	1.1
May	2000	1	➡	1.1
August	2001	1	➡	1.1
May	2004	1	➡	1.5
April	2006	1	➡	2.0

Monthly Share Price Range/Trading Volume



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