

# 08

All for the future of our planet

## ANNUAL REPORT

Year ended March 31, 2008



## KURIMOTO, LTD.

In 1909 Kurimoto, Ltd. began operations as manufacturer of cast iron pipes for water and gas mains. With determination and foresight, the company soon began to diversify into other fields, serving the industrial sector in a multitude of ways. The major divisions of Kurimoto now provide ductile iron pipes, steel structures, plant equipment and engineering services, valves, and construction materials. Involvement with and commitment to large-scale projects has enabled Kurimoto to expand its areas of expertise, be it in land development, industrial modernization, or urban renewal and construction. 10 factories located throughout Japan comprise the company's industrial base which, together with 31 subsidiary companies, make up the Kurimoto group employing about 3,400 people. Today, Kurimoto plays a vital role in supplying basic industrial products, machines, and services domestically and abroad.

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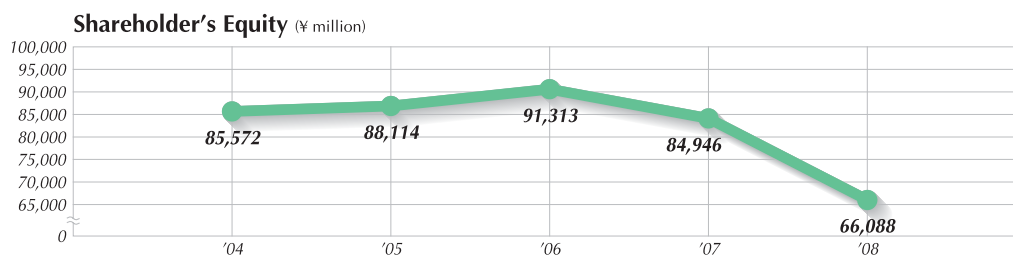
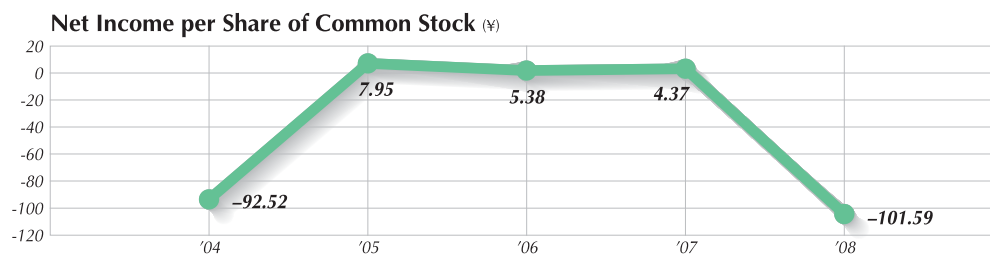
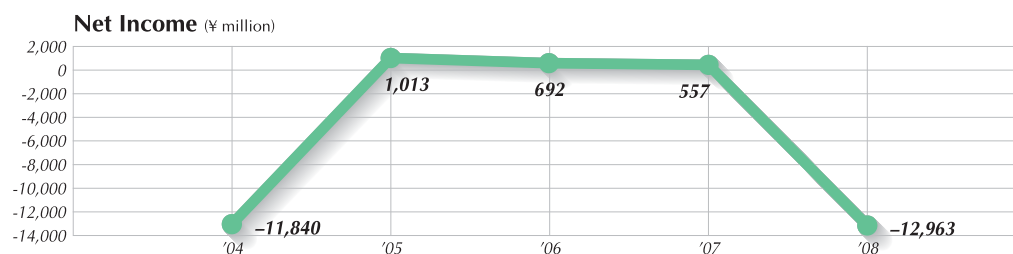
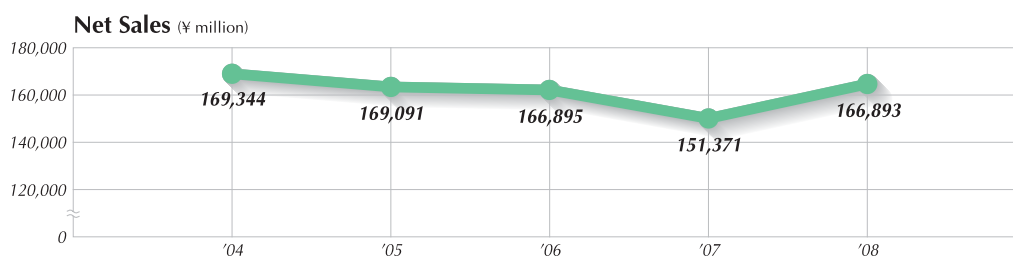
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# Financial Highlights

Millions of yen (thousands of U.S. dollars) except per 1,000 share information

Years ended March 31	2008	2007	2006	2005	2004	2008
Net sales .....	<b>¥ 166,893</b>	¥ 151,371	¥ 166,895	¥ 169,091	¥ 169,344	<b>\$ 1,665,767</b>
Net income (loss) .....	<b>(12,963)</b>	557	692	1,013	(11,840)	<b>(129,390)</b>
Per 1,000 shares of common stock						
Net income (loss) .....	<b>(101,590)</b>	4,370	5,384	7,950	(92,519)	<b>(1,013)</b>
Cash dividends .....	<b>2,000</b>	4,000	4,000	4,000	4,000	<b>19</b>
Total assets .....	<b>193,461</b>	213,329	224,466	216,638	214,966	<b>1,930,944</b>
Total shareholders' equity .....	<b>66,088</b>	84,946	91,313	88,114	85,572	<b>659,635</b>

Notes: The U.S. dollar amounts are calculated at the exchange rate of ¥100.19 to \$1, the rate prevailing on March 31, 2008.



# Message from the President

We have settled our accounts for the 112th accounting period, so I would like to report on our finances and provide an overview of our business activities.

In 2007, our group worked hard at proposing products and systems that better satisfy customer needs. Through this, the achievements of our Construction Materials Division and Plant Engineering & Machinery Division exceeded the previous year, but the Ductile Iron Pipe Division, Valve Division, Steel Structure Division and Environmental Plant Engineering Division were affected by various influences, such as changes in the market environment, and results were below the previous year. Consolidated sales rose in comparison with the year before, but after summing up such extraordinary losses as the disposal of assets in preparation for reorganization of our businesses, operating profit and current net income both resulted in minus amounts.

Ever since our establishment in 1909, Kurimoto has contributed to the maintenance of the social infrastructure and the expansion of lifeline and industrial facilities in order to achieve a safer and more comfortable society. To that end, we are now positioning fiscal 2009, the 100th anniversary of our founding, as the year of our "second establishment". In order to be viewed as an enterprise that offers even further value into the next 100 years, we will work towards healthy, transparent management and aim at balanced, sustainable growth with improved results. And, to continue displaying a "corporate value" that makes investment in our company attractive, we will actively work to disclose information, work more closely with everyone, nurture top-class personnel in-house, and further enhance CSR (Corporate Social Responsibility). While consistently practicing our corporate philosophy, we will also work to contribute to society through the protection of social and lifestyle lifelines.

And now, in order to place our selections and focus on those fields of business where growth potential is highest, and to develop an organizational structure in which corporate governance can be strengthened further, we have taken "social infrastructure" and "industrial facilities" as our target domains and reorganized into two business divisions: the "Pipe System Consolidated Division" and the "Machinery System Consolidated Division". The "Pipe Systems Division" is a consolidation of the previous Ductile Iron Pipe Division and the Valve Division. The technology related to such piping systems as the pipe-jacking method and other piping technology has been concentrated in this division, and social infrastructure improvements such as renovating and earthquake-proofing of water pipes is promoted. The industrial equipment field of the Steel Structure Division and the Plant Engineering & Machinery Division has been

merged into the new "Machinery System Consolidated Division", and a synergistic effect is demonstrated by promoting joint procurement of materials and exchanging technology.

These 2 new divisions will aim at clarifying responsibility and authority, speeding up decision-making, and enabling prompt response to rapid changes in the market environment. They will allow us to offer high value-added products while polishing the technology that we have cultivated to this point without getting dragged into price competition. They will also aim at establishing an order system centered on private demands while maintaining a steady order of public works projects, etc., while also converting to a more balanced corporate profit structure. This reorganization of business will include a partial withdrawal from unprofitable operations and advancement into new businesses. One result of this is the "Plant System Engineering Division", newly established in the Machinery System Consolidated Division. Demand for chemicals has risen in recent years, so we will aim at offering petrochemical chemical plants, chemical machinery for powder systems, and valves for petrochemical chemical plants, etc., in this expansion of our business realm.

Business advancement overseas is also scheduled for further acceleration in the future. Our overseas business ratio was 4% in fiscal 2006 with total orders of 3.5 billion yen (34 million dollars) comprised of a 2.4-billion-yen (23-million-dollar) large-scale flood gate project, sales of forging presses, and kneading machines, etc., and 2.4 billion yen (23 million dollars) in total sales related to valves, etc. That number increased to 8% in fiscal 2007 and we aim to make that 10% or more through steady development abroad.

To continue our growth in the future, it is necessary to work unceasingly in developing new products. And it is the "Kurimoto Center for Innovative Technology", established in March of 2007, that shoulders this product development in our group and serves to promote the two missions that we want our businesses to achieve. First, they brush up existing technology to offer high value-added products that respond to customer needs. And then they also develop completely new products that will be the pillar of our next-generation business. In developing new products, we want to focus on high-functionality materials and the actual process involved in their creation. This R&D aims at further strengthening early stage development of new products and new businesses through the promotion of joint industry-academia network activities. In this way, we have succeeded in developing a completely new high-performance magnesium alloy and related technology, and various applications are currently being developed towards business in fiscal 2009.



Hideaki Fukui  
President

From here on, as we naturally promote business related to environmental preservation that maintains and improves the global environment, we will aim at supporting a society that harmonizes people and Nature and at maintaining high ethics in regard to the environment in all of Kurimoto Group's business and products, including such infrastructure as lifeline and industrial equipment, etc. In order to protect people's lives and lifestyles, in order to advance society, we will be developing all group companies surely and earnestly. As a product-making enterprise, we will incorporate nanotechnology, etc., and focus our efforts towards overall innovation on a base of our long-cultivated core technologies. Expanding our range of activities by working on unceasing quality improvement, prompt response, and the manufacturing of products that meet customer needs, we aim to become a corporation that is even more dominant, stronger, and more stable.

We sincerely request your continued support in Kurimoto activities as we work towards that goal.

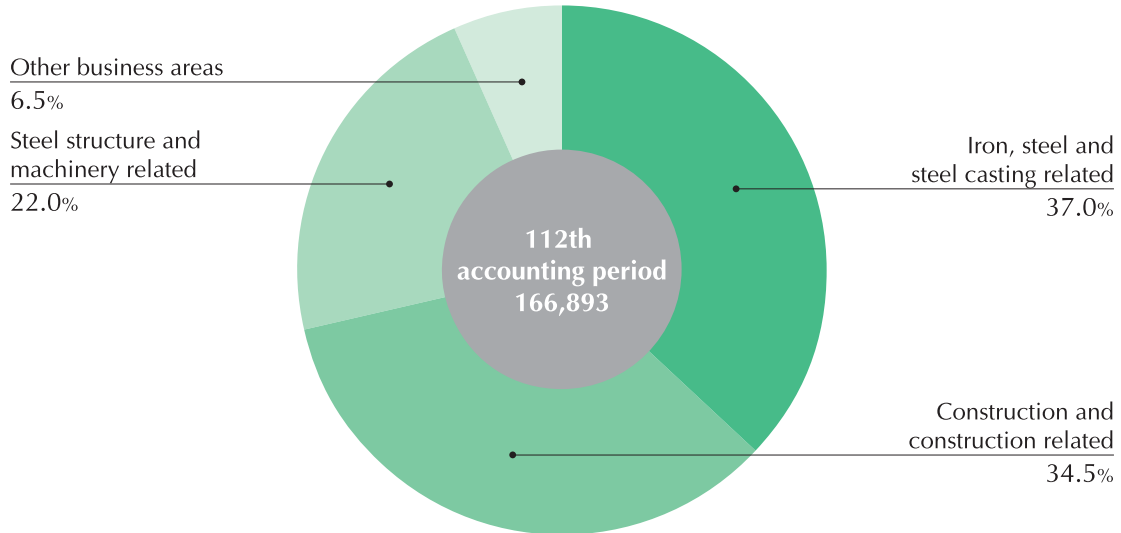
June 2008

A handwritten signature in dark ink, appearing to read "H. Fukui". The signature is written in a cursive, flowing style.

Hideaki Fukui  
President

# Business Operations

## Corporate group sales by business area (in millions of yen)



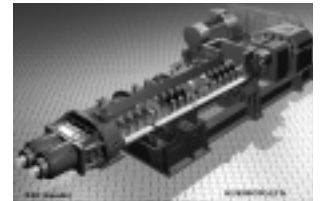
### Iron, steel and steel casting related businesses

In our iron, steel, and steel casting related businesses, orders to our Ductile Iron Pipe Division from national and local governments fell due to strict financial conditions, but income actually rose through the incorporation of new, consolidated companies in the Trading Company Section. On the other hand, though the intensification in price competition around the water service market required great efforts, income also increased in the Valve Division through that same incorporation of new, consolidated companies.



### Steel structure and machinery related businesses

Steel structure and machinery related businesses witnessed orders to the Machinery Division for forging presses that accompanied capital investment in the thriving automotive industry and, while sales increased on the one hand, influence from the suspension of business caused by a steel bridge construction project that was found to be in violation of the Anti-Monopoly Law and the suspension of nomination for projects brought about by a violation of the Anti-Monopoly Law by manufacturers and contractors of flood gate, from the delays in work progress, and from rescheduling of contracted work periods, etc., all caused sales in the Steel Structure Division and the Environmental Division to fall. As a result, sales equaled 36.5 billion yen, a 3.6 billion yen drop from the previous consolidated fiscal period.



### Construction and construction related businesses

In regard to construction and construction related businesses, there was a reduction in orders due to the revised Construction Standard Law, but sales increased in the Construction Materials Division due to the progress of current-term projects that were carried forward from the previous term. As a result, sales reached 57.6 billion yen, an 8.5 billion increase compared with the previous consolidated accounting period.



### Other business areas

In other business areas, as a result of the liquidation of environment-related subsidiaries and our concentration towards increasing the sales of new products along with the adverse market conditions for composite resin and Hume pipes, sales totaled 10.8 billion yen (100 million more than the previous consolidated accounting period).



## Topics

### “MIZUGORO” Earthquake - Proof Aqueduct Bridge System - Protects aqueduct bridges (= lifeline) from earthquakes -

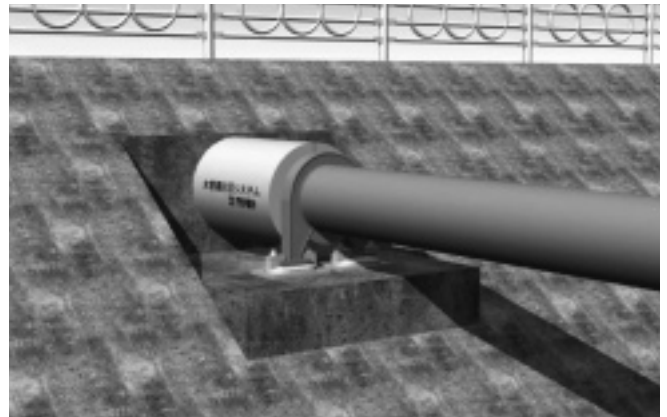
Kurimoto Ltd. and Kurimoto Technos have developed the “MIZUGORO” earthquake-proof aqueduct bridge system as part of making our waterways resistant to earthquakes. By pursuing the composite displacement of the aqueduct bridge itself, this system protects the lifeline infrastructure from the stoppage of water functions due to collapsed bridges or pipe damage caused by expansion and contraction at the time of an earthquake. The features of this system include that fact that it is impossible for the water supply to be cut off and its ability to be constructed even at narrow sites with a normally insufficient workspace.

In Japan, the sense of crisis regarding earthquakes is rising daily. Recently, large quakes, such as the Niigata Chuetsu Earthquake and the Noto Peninsula Earthquake, have been occurring frequently, and it would not be strange for a major earthquake-such as one that would be represented by Nankai, Tonankai and Tokai earthquakes-to strike at any moment. Earthquakes are not an ancient story, nor one of the distant future; they are a real problem that need to be urgently responded to.

Thus, the importance of our waterways as a lifeline service is attracting greater attention. As a part of those lifeline facilities, the earthquake-proofing of aqueduct bridges, with water pipes forming the principal component of their structural columns, is also being promoted, but conventional earthquake-proofing reinforcement involves large-scale construction with heavy loads and major construction expenses. Also, because the necessary reinforcement cannot be installed when there is only narrow space available around the fulcrum point, the required

performance cannot be achieved, and safety concerns remain. With a simple, high-strength, flexible structure that combines high-strength fiber and rubber, the “MIZUGORO” earthquake-proof aqueduct bridge system has solved these problems.

To build a water service system that is stronger and secure in times of disaster, and to construct thorough provisions that eliminates future instability, the Kurimoto Group is actively promoting this system in an aim at achieving a 100% earthquake-proof rate, including small-scale aqueduct bridges that had conventionally been difficult to make earthquake-proof.



### KS-Tech: A Kurimoto Group company that supports the thriving press machine business

In April 2007, the Forging Press Section split from Sato Tekko Co., Ltd., taking the company name of KS-Tech Co., Ltd., increasing its capital in May of the same year, and making a new start as a member of Kurimoto Group. In addition to Sato Tekko's press machine business (forging presses and cutting machines), the nucleus of this new company is the design and manufacturing of Kurimoto's hot and warm forging presses. By consolidating both of these press technologies, this company can deliver the ultimate facilities, machinery and systems to meet customer needs and enables the Kurimoto Group to provide further enhanced service.

KS-Tech applies many years of experience and achievements, and has built a strong reputation and position as a specialty manufacturer, offering indispensable press technology to the press and forging world, and including the automotive industry.



# Consolidated Subsidiaries

Kurimoto, Ltd. produces and sells various kinds of products, such as iron pipes, valves, machinery, steel structures, light steel pipes, and stage pressure machines. Kurimoto's business affiliates are run as an enterprise group and the related companies are described below.

## Kurimoto Construction Industry Co., Ltd.

Director: Junya Naka  
Operations: Contract for civil engineering works as a whole, and others  
Capital: ¥1,400 million (US\$13,973,450)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: April 1946 and became a subsidiary in 2003  
Orders: ¥34,410 million (US\$343,449 thousand) (26.2% decrease)  
Sales: ¥43,199 million (US\$431,173 thousand) (18.2% increase)

## Kurimoto Trading Co., Ltd.

Director: Yosuke Matsumoto  
Operations: Marketing of cast iron pipes, valves, and synthetic resin products  
Capital: ¥200 million (US\$1,996,207)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: December 1952 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥16,178 million (US\$161,482 thousand) (5.5% increase)  
Sales: ¥16,370 million (US\$163,394 thousand) (7.5% increase)

## Kurimoto Plastics Co., Ltd.

Director: Enji Hatanaka  
Operations: Production and marketing of FRP pipes, synthetic resin products, and fiber-reinforced cement products  
Capital: ¥300 million (US\$2,994,310)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: April 1971 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥7,271 million (US\$72,575 thousand) (27.3% increase)  
Sales: ¥6,925 million (US\$69,127 thousand) (21.0% increase)

## Kurimoto Technos Co., Ltd.

Director: Harutaka Ishise  
Operations: Construction and engineering of steel structures  
Capital: ¥100 million (US\$998,103)  
Stockholder: 94% of stock is owned by Kurimoto, Ltd. and 6% by Kurimoto Trading Co., Ltd.  
Established: November 1986 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥6,435 million (US\$64,230 thousand) (32.5% increase)  
Sales: ¥6,384 million (US\$63,726 thousand) (17.5% increase)

## Kurimoto Trading Corporation

Director: Kenji Machida  
Operations: Manufacture and sales of cast iron pipes, pipe fittings and pipe accessories  
Capital: ¥50 million (US\$499,051)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: April 2001 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥11,693 million (US\$116,717 thousand) (10.9% decrease)  
Sales: ¥11,693 million (US\$116,717 thousand) (10.9% decrease)

## Pipe Systems & Technology, Ltd.

Director: Kiyoshi Yoshino  
Operations: Investigation, planning, design, engineering, maintenance and operating of pipelines and facilities, research & developments, sales and leases of piping materials and implements  
Capital: ¥100 million (US\$998,103)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: April 2001 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥1,011 million (US\$10,092 thousand) (8.1% decrease)  
Sales: ¥1,152 million (US\$11,503 thousand) (7.8% increase)

## Kurimoto Logistics Co., Ltd.

Director: Masao Tomo  
Operations: Truck carrier  
Capital: ¥90 million (US\$898,293)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: March 1960 and became a subsidiary in 2001.  
Orders: ¥2,944 million (US\$29,384 thousand) (3.4% increase)  
Sales: ¥2,944 million (US\$29,384 thousand) (3.4% increase)

## Kurimoto Mec, Ltd.

Director: Yoshiaki Shingu  
Operations: Marketing of wear resistant castings, crushers  
Capital: ¥90 million (US\$898,293)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: April 2002 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥9,049 million (US\$90,323 thousand) (0.8% decrease)  
Sales: ¥8,798 million (US\$87,818 thousand) (3.2% decrease)

## Kurimoto Finance Co., Ltd.

Director: Shinya Kojima  
Operations: Consulting about financial strategy planning, fund procurement, and its management  
Capital: ¥10 million (US\$99,810)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: July 2002 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥252 million (US\$2,515 thousand) (23.8% increase)  
Sales: ¥252 million (US\$2,515 thousand) (23.8% increase)

## Sasebo Metal Co., Ltd.

Director: Shiro Tachibana  
Operations: Production and marketing of cast iron, cast iron products, and other cast metal products  
Capital: ¥100 million (US\$998,103)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: April 2000 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥1,881 million (US\$18,781 thousand) (3.5% decrease)  
Sales: ¥1,891 million (US\$18,875 thousand) (8.1% increase)

## Yamatogawa Co., Ltd.

Director: Kazuo Kitamura  
Operations: Marketing of cast iron pipes, valves, and synthetic resin products  
Capital: ¥60 million (US\$598,862)  
Stockholder: 92% of stock is owned by Kurimoto, Ltd. and 8% by Marubeni-Itochu Steel Inc.  
Established: December 1972 and became a subsidiary in 2004  
Orders: ¥14,701 million (US\$146,734 thousand) (10.6% increase)  
Sales: ¥15,076 million (US\$150,483 thousand) (13.4% increase)

## Kurimoto Concrete Industries, Ltd.

Director: Takumi Yasuda  
Operations: Production of concrete pipes  
Capital: ¥200 million (US\$1,996,207)  
Stockholder: 85% of stock is owned by Kurimoto, Ltd. and 15% by Sumitomo Osaka Cement Co., Ltd.  
Established: January 1961 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥2,401 million (US\$23,973 thousand) (19.1% increase)  
Sales: ¥2,463 million (US\$24,586 thousand) (23.0% increase)

## Sanko Kiko Co., Ltd.

Director: Shigeo Ishihara  
Operations: Marketing of plumbing materials and castings, construction materials  
Capital: ¥91 million (US\$912,775)  
Stockholder: 89% of stock is owned by Kurimoto, Ltd. and 11% by Iwatani International Corporation  
Established: September 1966 and became a subsidiary in 2000  
Orders: ¥4,166 million (US\$41,585 thousand) (20.5% increase)  
Sales: ¥3,801 million (US\$37,944 thousand) (0.1% decrease)

## Kurimoto Hosono Corporation

Director: Seiji Yoshioka  
Operations: Sales of cast iron and other types of piping  
Capital: ¥90 million (US\$898,293)  
Stockholder: 99% of stock is owned by Kurimoto, Ltd. 1% by other company  
Established: July 2001 as a subsidiary of Kurimoto, Ltd.  
Orders: ¥4,625 million (US\$46,162 thousand) (335.4% increase)  
Sales: ¥4,531 million (US\$45,232 thousand) (296.7% increase)

## Motoyama. Eng. Works, Ltd.

Director: Toshiaki Shinpaku  
Operations: Manufacturing and sales of industrial  
Capital: ¥300 million (US\$2,994,310)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: December 2006 and became a subsidiary in 2007  
Orders: ¥5,608 million (US\$55,975 thousand) (133.8% increase)  
Sales: ¥5,007 million (US\$49,978 thousand) (445.4% increase)

## Motoyama Corporation

Director: Koji Shinohara  
Operations: Maintenance and sales of industrial  
Capital: ¥20 million (US\$199,620)  
Stockholder: All stock is owned by Motoyama. Eng. Works, Ltd.  
Established: February 1971 and became a subsidiary in 2007  
Orders: ¥2,588 million (US\$25,833 thousand) (6.2% increase)  
Sales: ¥2,588 million (US\$25,833 thousand) (6.2% increase)

## Ks-Tech Co., Ltd.

Director: Kazuharu Kondo  
Operations: Manufacture and sales of forging machinery  
Capital: ¥300 million (US\$2,994,310)  
Stockholder: 67% of stock is owned by Kurimoto, Ltd. and 33% by Sato Tekko Co., Ltd.  
Established: April 2007 and became a subsidiary in 2007  
Orders: ¥2,467 million (US\$24,624 thousand)  
Sales: ¥2,108 million (US\$21,045 thousand)

## Kurimoto Bridge, Ltd.

Director: Takanobu Tokuyama  
Operations: Construction and engineering of steel structures, and others  
Capital: ¥300 million (US\$2,994,310)  
Stockholder: All stock is owned by Kurimoto, Ltd.  
Established: ¥9,227 million (US\$92,103 thousand)  
Sales: ¥988 million (US\$9,866 thousand)

## Hokkaido Kanzai Co., Ltd.

Director: Kazuyoshi Yoshimura  
Operations: Marketing of cast iron pipes, valves, and synthetic resin products  
Capital: ¥30 million (US\$299,431)  
Stockholder: 80% of stock is owned by Kurimoto, Ltd. and 20% by Kuwazawa Trading Co., Ltd.  
Established: April 1992 and became a subsidiary in 2007  
Orders: ¥6,274 million (US\$62,623 thousand) (13.8% increase)  
Sales: ¥6,274 million (US\$62,623 thousand) (13.8% increase)

# Financial Section

## Consolidated Balance Sheets

March 31, 2008 and 2007

Assets	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2008	2007	2008
<b>Current assets</b>			
Cash and time deposits .....	¥ 17,067	¥ 22,146	\$ 170,347
Trade notes and accounts receivable .....	68,367	61,564	682,375
Trade notes and accounts receivable — unconsolidated subsidiaries and affiliates .....	127	1,128	1,271
Marketable securities .....	15	188	151
Inventories (Note 3) .....	26,580	29,942	265,297
Deferred income taxes (Note 10) .....	468	1,463	4,671
Prepaid expenses and other current assets .....	3,743	4,107	37,362
Allowance for doubtful accounts .....	(770)	(842)	(7,690)
<b>Total current assets</b>	<b>115,597</b>	<b>119,697</b>	<b>1,153,786</b>
<b>Property, plant and equipment</b>			
Buildings and structures .....	27,826	27,831	277,732
Machinery and equipment .....	60,198	63,992	600,839
Land .....	28,502	26,931	284,488
Construction in progress .....	706	1,209	7,056
Accumulated depreciation .....	(65,574)	(70,234)	(654,502)
<b>Total property, plant and equipment</b>	<b>51,659</b>	<b>49,730</b>	<b>515,615</b>
<b>Investments and other assets</b>			
Investment securities — other .....	19,216	34,979	191,801
Investment securities — unconsolidated subsidiaries and affiliates .....	1,546	3,571	15,431
Long-term loans — other .....	415	368	4,150
Other investments .....	4,756	4,223	47,470
Allowance for doubtful accounts .....	(1,648)	(1,367)	(16,453)
Deferred income taxes (Note 10) .....	687	1,354	6,861
Long-term prepaid expenses and other .....	1,230	772	12,280
<b>Total investments and other assets</b>	<b>26,203</b>	<b>43,901</b>	<b>261,542</b>
<b>Total assets</b>	<b>¥193,461</b>	<b>¥213,329</b>	<b>\$1,930,944</b>

Liabilities and Shareholders' Equity	Millions of yen		Thousands of U.S. dollars (Note 2)
	2008	2007	2008
<b>Current liabilities</b>			
Trade notes and accounts payable .....	¥ 48,742	¥ 52,340	\$ 486,500
Trade notes and accounts payable — unconsolidated subsidiaries and affiliates .....	53	112	531
Short-term bank loans (Note 4) .....	42,620	38,188	425,394
Current portion of long-term debt .....	4,828	6,512	48,195
Accrued taxes on income .....	702	592	7,014
Deferred tax liability .....	103	—	1,028
Accrued liabilities .....	3,581	3,841	35,743
Advances received .....	5,829	5,311	58,187
Employees' savings deposits .....	690	775	6,888
Other current liabilities .....	6,456	3,739	64,437
<b>Total current liabilities .....</b>	<b>113,607</b>	<b>111,416</b>	<b>1,133,921</b>
<b>Long-term liabilities</b>			
Retirement benefits (Note 5) .....	5,467	5,274	54,573
Long-term debt (Note 4) .....	4,706	9,536	46,975
Deferred tax liability .....	264	—	2,638
Other long-term liabilities .....	1,356	455	13,537
<b>Total long-term liabilities .....</b>	<b>11,794</b>	<b>15,265</b>	<b>117,725</b>
<b>Total liabilities .....</b>	<b>125,402</b>	<b>126,681</b>	<b>1,251,646</b>
<b>Net assets</b>			
<b>Shareholders' Equity</b>			
Common stock .....	31,186	31,186	311,269
Authorized: 393,766,000 shares			
Issued: 133,984,908 shares in 2007 133,984,908 shares in 2008			
Capital surplus .....	28,861	28,861	288,066
Retained earnings .....	8,298	21,778	82,830
Treasury stock .....	(1,396)	(1,392)	(13,943)
<b>Total shareholders' equity .....</b>	<b>66,949</b>	<b>80,432</b>	<b>668,222</b>
<b>Difference due to evaluation/conversion</b>			
Unrealized gain (loss) on securities .....	(610)	4,524	(6,093)
Deferred hedge profit (loss) .....	(249)	(10)	(2,493)
<b>Total difference due to evaluation/conversion .....</b>	<b>(860)</b>	<b>4,513</b>	<b>(8,586)</b>
Minority interests in consolidated subsidiaries .....	¥ 1,969	¥ 1,700	\$ 19,661
<b>Total net assets .....</b>	<b>68,058</b>	<b>86,647</b>	<b>679,297</b>
<b>Total liabilities and net assets .....</b>	<b>¥193,461</b>	<b>¥213,329</b>	<b>\$1,930,944</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated Statements of Income

Years ended March 31, 2008 and 2007

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<b>2008</b>	2007	<b>2008</b>
Net sales .....	¥ 166,893	¥151,371	\$ 1,665,767
Cost of sales .....	143,335	126,281	1,430,636
Gross profit .....	23,557	25,090	235,131
Selling, general and administrative expenses .....	25,476	24,019	254,278
Operating income (loss) .....	(1,918)	1,070	(19,147)
Other income and (expenses)			
Interest and dividend income .....	591	530	5,907
Interest expense .....	(780)	(620)	(7,787)
Gain on sale of land .....	719	2,877	7,180
Gain on sale of investment securities .....	1,361	5,325	13,587
Loss on disposal of fixed assets .....	—	(1,105)	—
Impairment loss (Note 11) .....	—	(760)	—
Loss on revaluation of investment securities .....	(3,299)	—	(32,930)
Charges, etc. ....	(709)	(772)	(7,086)
Loss on business restructuring .....	(1,229)	—	(12,270)
Affiliated company liquidation loss .....	—	(749)	—
Inventory assets disposal loss .....	—	(570)	—
Others, net .....	(2,304)	(1,381)	(23,005)
Income (loss) before income taxes .....	(7,569)	3,844	(75,553)
Income taxes (Note 10)			
Current .....	960	724	9,581
Deferred .....	4,355	2,587	43,474
Minority interests in net income (loss) .....	78	(24)	781
Net income (loss) .....	¥ (12,963)	¥ 557	\$ (129,390)
	<i>yen</i>		<i>U.S. dollars (Note 2)</i>
	<b>2008</b>	2007	<b>2008</b>
Net income (loss) per 1,000 shares:			
Basic .....	¥(101,590)	¥ 4,370	\$(1,013,973)
Diluted .....	(101,590)	4,370	(1,013,973)
Cash dividends per 1,000 shares .....	2,000	4,000	19

## Consolidated Statements of Shareholders' Equity

	<i>Millions of yen</i>		
	<i>Common stock</i>	<i>Capital surplus</i>	<i>Retained earnings</i>
Balance at April 1, 2006 .....	¥ 31,186	¥ 28,861	¥ 22,690
Net income (loss) for the year .....			557
Cash dividends .....			(510)
Increase due to the increase of consolidated subsidiaries .....			84
Decrease due to the increase of consolidated subsidiaries .....			(1,042)
Balance at March 31, 2007 .....	¥ 31,186	¥ 28,861	¥ 21,778
Net income (loss) for the year .....			(12,963)
Cash dividends .....			(510)
Decrease due to the increase of consolidated subsidiaries .....			(5)
Balance at March 31, 2008 .....	¥ 31,186	¥ 28,861	¥ 8,298
	<i>Thousands of U.S. dollars (Note 2)</i>		
	<i>Common stock</i>	<i>Capital surplus</i>	<i>Retained earnings</i>
Balance at March 31, 2007 .....	\$ 311,269	\$288,066	\$ 217,371
Net income (loss) for the year .....			(129,390)
Cash dividends .....			(5,095)
Decrease due to the increase of consolidated subsidiaries .....			(54)
Balance at March 31, 2008 .....	\$ 311,269	\$288,066	\$ 82,830

The accompanying notes are an integral part of these financial statements.

## Consolidated Statements of Cash Flows

Years ended March 31, 2008 and 2007

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2008	2007	2008
<b>Cash Flows from Operating Activities:</b>			
Net income (loss) before income taxes .....	¥ (7,569)	¥ 3,844	\$ (75,553)
Depreciation and amortization .....	2,756	2,487	27,514
Impairment loss .....	0	760	1
(Increase) decrease in trade receivable .....	(2,321)	5,101	(23,166)
Increase (decrease) in accounts payable .....	(7,645)	(4,194)	(76,312)
(Increase) decrease in inventories .....	3,561	(1,048)	35,548
Interest and dividend receivable .....	(591)	(530)	(5,907)
Interest payable .....	780	620	7,787
Gain (loss) on sales of investment securities .....	(1,213)	(5,315)	(12,114)
Loss from security valuation .....	3,301	127	32,952
Gain (loss) on sales of tangible fixed assets .....	(322)	(2,711)	(3,219)
Loss on removal of tangible fixed assets .....	489	656	4,890
Increase (decrease) in allowance for doubtful accounts .....	173	(14)	1,728
Increase (decrease) in accrued retirement benefits for employees .....	(790)	(854)	(7,891)
(Increase) decrease in other assets .....	76	1,727	768
Increase (decrease) in other liabilities .....	2,654	(537)	26,498
<b>Sub-total .....</b>	<b>(6,660)</b>	<b>116</b>	<b>(66,474)</b>
Interests and dividend received .....	599	475	5,985
Interests paid .....	(797)	(630)	(7,962)
Payment of income taxes .....	(1,172)	(487)	(11,698)
<b>Net cash (used in) provided by operating activities .....</b>	<b>(8,030)</b>	<b>(525)</b>	<b>(80,151)</b>
<b>Cash Flows from Investing Activities:</b>			
Increase (decrease) in refund of time deposits .....	1,532	615	15,296
Payments for purchase of investment securities .....	(678)	(14,681)	(6,768)
Proceeds from sales of investment securities .....	6,772	11,553	67,596
Payments for acquisitions of property, plant, equipment and intangible assets .....	(2,799)	(2,991)	(27,946)
Proceeds from sales of property, plant, equipment and intangible assets .....	1,226	6,654	12,243
Expenditures on the acquisition of affiliated company stock .....	(40)	(1,884)	(399)
Expenditure on loans .....	(149)	(252)	(1,494)
Proceeds from collection of loans .....	366	312	3,656
Investment expenditures .....	(202)	(8)	(2,019)
Proceeds from acquisition of subsidiary shares accompanied by consolidation range .....	738	—	7,375
Increase in other fixed assets .....	(796)	(638)	(7,952)
Decrease in other fixed assets .....	425	634	4,249
<b>Net cash (used in) provided by investing activities .....</b>	<b>6,395</b>	<b>(687)</b>	<b>63,838</b>
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term bank loans .....	4,181	(3,274)	41,734
Issuance of long-term debt .....	—	7,580	—
Repayments of long-term debt .....	(5,463)	(4,276)	(54,534)
Dividends paid .....	(510)	(509)	(5,096)
Dividends paid to minority shareholders .....	(1)	—	(14)
Redemption of treasury stock .....	(4)	(3)	(40)
Expenditure on redemption of straight bond .....	(1,050)	(800)	(10,480)
<b>Net cash (used in) provided by financing activities .....</b>	<b>(2,848)</b>	<b>(1,284)</b>	<b>(28,431)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents .....	(33)	0	(330)
<b>Net Increase (Decrease) in Cash and Cash Equivalents .....</b>	<b>(4,516)</b>	<b>(2,496)</b>	<b>(45,075)</b>
Cash and Cash Equivalents at Beginning of Year .....	20,136	22,058	200,981
Increase of cash and cash equivalents through new consolidation .....	851	573	8,499
<b>Cash and Cash Equivalents at End of Year .....</b>	<b>¥ 16,471</b>	<b>¥ 20,136</b>	<b>\$ 164,406</b>
Note: Relation between the year-end balance of cash and cash equivalents and the items on the consolidated balance sheet:			
Cash and deposits .....	¥ 17,067	¥ 22,146	\$ 170,347
Time deposits due over three months .....	(595)	(2,110)	(5,940)
Securities accounts .....	—	100	—
Cash and cash equivalents .....	¥ 16,471	¥ 20,136	\$ 164,406

# Notes to Financial Statements

## Note 1. Significant Accounting Policies

### Basis of Presenting Consolidated Financial Statements

Kurimoto, Ltd. (hereinafter referred to as "This Company") and its consolidated subsidiaries have presented their official accounting records in the currency of yen and in accordance with the Commercial Code and the regulations of Securities & Exchange Law, and in conformity with the generally accepted accounting principles & practices of Japan (hereinafter called "Japan Accounting Standard").

Some part of the Japan Accounting Standard, in its method of application and disclosure requirements, is different from the International Accounting Standard and some other countries' accounting standards. Accordingly, the consolidated financial statements attached hereto are prepared for readers who are well acquainted with the Japan Accounting Standard.

The consolidated financial statements attached hereto have been prepared in accordance with the Japan Accounting Standard pursuant to the Securities & Exchange Law. Such consolidated financial statements of This Company as were submitted to our district's Local Finance Bureau of the Ministry of Finance have been re-edited and translated into English.

### Consolidation Policies

These consolidated financial statements include the accounting records of This Company and the companies over which This Company either holds majority voting power or for which certain other conditions verify This Company's control over them. The investment account of This Company in non-consolidated subsidiaries or affiliates which are largely influenced by This Company in their operational and financial policies have been computed on the basis of equity-method investment balance.

The important credit & liability, trade, and unrealized profit between and among consolidated companies have been obliterated on a consolidation basis.

### Translation of Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies have been translated into Japanese yen at the rate as of the date of each balance sheet presentation, and their resulting conversion profit or loss has been appropriated as their profit or loss in the current business term.

### A Range of Fund in a Statement of Consolidated Cash Flow

A fund in a statement of consolidated cash flow (cash and its equivalent) consists of cash in hand, ordinary deposits, and short-term investments which have a term of redemption under three months, carry low risk for value fluctuation and can be withdrawn easily.

### Marketable and Investment Securities

This Company & its consolidated subsidiaries have specified the purposes of their respective securities holdings, and classified those securities into securities for buying & selling, stocks of their affiliates, and other securities. Securities for buying & selling have been evaluated at market value.

The stocks of their affiliates have been evaluated at book value.

Those other securities that have market value have been evaluated at market value, and the unrealized profit or loss has been reported as an independent item in Part of Capital after taxation.

Those other securities that do not have market value have been evaluated at book value.

For the cases in which the value of those other securities with market value fell sharply, the relevant securities have been placed in the balance sheet according to their market value, and the difference between the book value and the market value has been recognized as a loss for the business term. For the cases in which the virtual value of those other securities without market value fell markedly, the relevant securities have been depreciated down to the virtual value, and the corresponding difference has been recognized as a loss.

Profit or loss in selling securities has been calculated based upon the selling price by the moving average method, and included in profit or loss.

### Inventories

Inventories are principally stated at the cost determined by the average method or the specific cost method.

### Fixed Assets

Fixed assets are indicated by book value. Method of depreciation is mainly the straight line method by estimated useful life. Main estimated useful lives are as follows.

Building and construction; 2 to 60 years.

Machinery and automotive equipment; 2 to 17 years.

The cost of repair or small amount reformation is charged in book at their occurrences, but any large scale repair or reformation is classified as assets.

### Retirement Benefits

In order to prepare for the employees' retirement benefits, This Company & its consolidated subsidiaries have reserved retirement pay allowances as of the end of March 2008, based upon prospective retirement pay obligations and annuity assets at the term end of the consolidated accounting.

The difference in numerical computation has been dealt with as expenses by the amount divided by a straight line method for certain years (mainly ten years) within the employees' average remaining work years upon its accrual in each consolidated accounting year, with each handled from the consolidated accounting term next to the accrual.

### Leases

In Japan finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operation leases.

### Research and Development and Computer Software

Research & development expenses have been dealt with as expenses upon their accrual.

Software expenses have been included mainly in long-term prepaid expenses and other expenses, and depreciated by a straight line method chiefly for five-year service life.

**Income Taxes**

As to the temporary difference in the book value of assets and liabilities for the purpose of financial accounting and taxation, the net worth method has been used to figure deferred tax assets and liabilities.

**Per Share Information**

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each period. The average number of shares used in the computation was 127,614 thousand and 127,626 thousand for the years ended March 31, 2008 and 2007, respectively.

**Recognition of earning cost by the alteration of the percentage of completion method.**

We recognize our revenue from construction works by the complete job method. But in case that the contract sum surpasses 0.1 billion yen and construction term is over one year, we adopt the percentage of completion method.

Although the Company and part of its consolidated subsidiaries have conventionally applied the percentage of completion method "in case the construction term is over one year and the contract sum surpasses 500 million yen", we have altered the application criteria from the current consolidated fiscal year to be "in case the construction term is over one year and the contract sum surpasses 0.1 billion yen" (for some consolidated subsidiaries in case the construction term is over six months). We have conducted this alteration so that we can compute profit and loss for the period about construction revenue more appropriately by expanding the application criteria of the percentage of completion method, on the ground that the order receipt environment has changed to accelerate the tendency toward small construction orders.

**Marketable and Investments Securities**

Other marketable securities as of March 31, 2008 are as follows.

	Millions of yen		
	2008		
	Carrying amounts	Market value	Unrealized gain (loss)
Other securities .....	¥ 16,559	¥ 16,697	¥ 137

	Thousands of U.S. dollars		
	2008		
	Carrying amounts	Market value	Unrealized gain (loss)
Other securities .....	\$ 165,282	\$ 166,654	\$ 1,371

**Note 2. U.S. Dollar Amounts**

The dollar amounts are included solely for convenience; they should not be construed as exact translations of current yen figures, nor are they the dollar amounts into which yen amounts have been or could be converted.

The approximate exchange rate of US\$1=¥100.19 as of March 31, 2008, has been used for the purpose of presenting the dollar amounts in the accompanying consolidated financial statements.

**Note 3. Inventories**

Inventories at March 31 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Finished products .....	¥ 11,159	¥ 14,128	\$ 111,382
Work in process .....	12,700	13,934	126,761
Raw materials and supplies .....	2,720	1,878	27,153
	¥ 26,580	¥ 29,942	\$ 265,297

**Note 4. Short-term Bank Loans and Long-term Debt**

The annual average interest rates applicable to short-term bank loans at March 31, 2008 and 2007 are 1.3% and 1.2%, respectively.

Short-term bank loans and long-term debt at March 31 was comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Unsecured bonds, due 2007, with interest rate of 2.73% .....	—	300	—
Unsecured bonds, due 2007, with interest rate of 2.33% .....	—	350	—
Unsecured bonds, due 2008, with interest rate of 1.95% .....	—	400	—
Loans from financial institution, due 2008 to 2021 with interest rates between 0.85% and 5.70% .....	9,535	14,998	95,170
Sub-total .....	9,535	16,048	95,170
Less current portion of loans .....	4,828	6,512	48,195
	¥ 4,706	¥ 9,536	\$ 46,975

The aggregate annual maturities of long-term financial debt at March 31, 2008 and 2007 respectively are as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
2008 .....	¥ —	¥ 6,512	\$ —
2009 .....	4,828	4,830	48,195
2010 .....	2,071	2,071	20,672
2011 .....	1,751	1,751	17,478
2012 .....	876	882	8,745
2013 and thereafter .....	7	—	78
	¥ 9,535	¥ 16,048	\$ 95,170

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank. As of March 31, 2008, assets pledged as collateral for short-term bank loans, and long-term debt, including the current portion of long-term debt, were as follows:

	<i>Thousands Millions of yen of U.S. dollars</i>	
	2008	2008
Land .....	¥ 1,387	\$ 13,848
Buildings .....	1,528	15,255
Deposit .....	50	499
Notes receivable .....	1,951	19,476
Savings type insurance .....	53	534
	¥ 4,970	\$ 49,614

## Note 5. Retirement Benefits

The following tables sets forth the changes in benefit obligation, plan assets and funded status of the Company and its subsidiaries at March 31, 2008.

	<i>Thousands Millions of yen of U.S. dollars</i>	
	2008	2008
Benefit obligation .....	¥(17,005)	\$(169,727)
Pension liability .....	8,312	82,967
Unaccrued retirement benefit obligation .....	(8,692)	(86,760)
Unrecognized actuarial loss .....	3,272	32,666
Accrued retirement benefit .....	¥ (5,419)	\$ (54,094)

Besides the above, the balance sheet lists Retirement Benefits including ¥48 million (US\$479 thousand) in Directors' Retirement and Bonus Reserves.

Severance and pension costs of the Company and its subsidiaries included the following components for the year ended March 31, 2008.

	<i>Thousands Millions of yen of U.S. dollars</i>	
	2008	2008
Service cost .....	¥ 928	\$ 9,271
Interest cost .....	380	3,800
Expected return on plan assets .....	(103)	(1,033)
Amortization:		
Actuarial losses .....	216	2,165
Benefit cost .....	¥ 1,423	\$ 14,204

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2008 is as follows:

Method of attributing benefit to periods of service .....	Straight-line basis
Discount rate .....	2.5%
Rate of expected return on plan assets .....	0.7% ~ 1.6%
Amortization period for prior service cost .....	—
Amortization period for actuarial losses .....	10 years
Amortization period for transition obligation at date of adoption .....	3 years

## Note 6. Contingent Liabilities

At March 31, 2008 and 2007, the company was contingently liable as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2008	2007	2008
As guarantor of indebtedness of unconsolidated subsidiaries and others .....	¥ 1,331	¥ 2,979	\$ 13,290
Transfer of bills receivable for securitization .....	¥ 5,907	¥ 10,355	\$ 58,958
Discount of notes and bills .....	¥ 3,165	¥ 3,626	\$ 31,591
Transfer of notes and bills endorsed for payment .....	¥ 340	¥ —	\$ 3,398

## Note 7. Leases

The Group leases certain, machinery and equipment, and other assets. Total lease payments under these leases were ¥177 million (\$1,771 thousand) and ¥187 million for the years ended March 31, 2008 and 2007, respectively.

Pro forma information on leased property, such as acquisition costs, accumulated depreciation, and future minimum leases payments under 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:

	<i>Millions of yen</i>		
	2008		
	<i>Machinery and equipment</i>	<i>Others</i>	<i>Total</i>
Acquisition costs .....	¥ 308	¥ 353	¥ 661
Accumulated depreciation .....	161	222	383
Net leased property .....	¥ 147	¥ 130	¥ 278

	<i>Millions of yen</i>		
	2007		
	<i>Machinery and equipment</i>	<i>Others</i>	<i>Total</i>
Acquisition costs .....	¥ 383	¥ 426	¥ 810
Accumulated depreciation .....	263	253	516
Net leased property .....	¥ 119	¥ 173	¥ 293

	<i>Thousands of U.S. dollars</i>		
	2008		
	<i>Machinery and equipment</i>	<i>Others</i>	<i>Total</i>
Acquisition costs .....	\$ 3,082	\$ 3,523	\$ 6,606
Accumulated depreciation .....	1,611	2,220	3,831
Net leased property .....	\$ 1,471	\$ 1,303	\$ 2,774

Future minimum lease payments under finance leases as of March 31, 2008 and 2007 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Due within one year .....	¥ 127	¥ 152	\$ 1,270
Due after one year .....	150	140	1,504
Total .....	¥ 278	¥ 293	\$ 2,774

The amounts of acquisition costs and future minimum lease payments under finance leases include the imputed interest expense portion.

Depreciation expenses which are not reflected in the accompanying consolidated statement of income, computed by the straight-line method, were ¥177 million (\$1,771 thousand) for the year ended March 31, 2008.

### Note 8. Derivatives and Hedging Activities

Some consolidated subsidiaries utilize derivatives of forward exchange contract and interest-rate swap in order to hedge exchange-rate fluctuation risk concerning foreign currency assets and liabilities and hedge against interest-rate fluctuation risk regarding securities and debts.

As they trade these with major financial institutions, we assume that the credit risks of these derivatives are low. The Accounting Department implements and controls these forward exchange contracts for our own company by way of in-house consultation and decision.

As to the derivative trades by our consolidated subsidiaries, their Business Management Department or General Affairs Department implement and control them after their internal consultation and decision and also notification to our company.

### Note 9. Research and Development Expenses

Research and development expenditures charged to income were ¥1,510 million (\$15,075 thousand) for the year ended March 31, 2008.

### Note 10. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 41.0% and 41.0% for the year ended March 31, 2008 and 2007, respectively.

The effective rates of income taxes reflected in the consolidated statements of income differed from the statutory tax rates referred to above for the year ended March 31, 2008 due principally to expenses not deductible for income tax purposes, and temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

The difference between the burden rate of corporate tax after application of tax effect accounting and the statutory tax rate is not listed as it was recorded as a net loss for the period under review before adjustments for taxes, etc.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets as of March 31, 2008 and 2007 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets			
Accrued retirement benefit .....	¥ 3,811	¥ 4,065	\$ 38,037
Accrued bonus indemnities .....	555	648	5,542
Allowance for uncollectable receivables .....	748	735	7,469
Allowance for loss on construction work .....	1,154	—	11,525
Loss on revaluation of investment securities .....	684	—	6,831
Difference of affiliates' equity on corporate split .....	1,546	—	15,432
Operating loss carry-forwards .....	8,563	7,091	85,476
Elimination of inter-company profits .....	756	844	7,549
Other .....	1,822	2,366	18,190
Total gross deferred tax assets .....	19,642	15,751	196,056
Less valuation allowance .....	(17,814)	(9,309)	(177,807)
Net deferred tax assets .....	¥ 1,828	¥ 6,442	\$ 18,249

Deferred tax liability			
Evaluated difference of other securities .....	(629)	(3,223)	(6,287)
Special account reserve for fixed assets compression .....	—	(290)	—
Negative goodwill .....	(307)	—	(3,066)
Dividends receivable .....	(100)	(109)	(1,007)
Other .....	(2)	(1)	(21)
Total deferred tax liabilities .....	(1,040)	(3,625)	(10,383)
Net deferred tax assets .....	¥ 788	¥ 2,817	\$ 7,866

## Note 11. Segment Information

The followings are the information about the business segments by each kind and by each region, and the overseas sales at the end of March in 2008 and 2007.

### (1) Industry Segments

#### a. Sales and Operating Income

Millions of yen						
2008						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Sales to customers	¥61,785	36,597	57,618	10,891	—	¥166,893
Intersegment	¥ 2,708	42	1,131	1,216	(5,098)	¥ —
Total sales	¥64,493	36,640	58,750	12,107	(5,098)	¥166,893
Operating expenses	¥63,066	41,083	57,675	11,189	(4,204)	¥168,811
Operating income (loss)	¥ 1,427	(4,443)	1,074	918	(894)	¥ (1,918)

Millions of yen						
2007						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Sales to customers	¥51,372	40,254	49,021	10,722	—	¥151,371
Intersegment	¥ 2,788	150	2,140	232	(5,313)	¥ —
Total sales	¥54,161	40,405	51,162	10,955	(5,313)	¥151,371
Operating expenses	¥52,316	40,969	50,814	10,578	(4,377)	¥150,300
Operating income (loss)	¥ 1,844	(564)	348	377	(935)	¥ 1,070

Thousands of U.S. dollars						
2008						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Sales to customers	\$616,681	365,281	575,095	108,709	—	\$1,665,767
Intersegment	\$ 27,033	424	11,295	12,138	(50,892)	\$ —
Total sales	\$643,715	365,705	586,391	120,847	(50,892)	\$1,665,767
Operating expenses	\$629,467	410,060	575,665	111,684	(41,963)	\$1,684,915
Operating income (loss)	\$ 14,248	(44,354)	10,725	9,163	(8,929)	\$ (19,147)

#### b. Assets, Depreciation and Capital Expenditures

Millions of yen						
2008						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Assets	¥65,475	29,380	33,511	30,674	34,418	¥193,461
Depreciation	¥ 1,338	468	418	365	166	¥ 2,756
Impairment loss	—	—	—	—	0	¥ 0
Capital expenditure	¥ 1,157	753	348	547	116	¥ 2,923

Millions of yen						
2007						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Assets	¥59,620	36,767	35,067	25,146	56,726	¥213,329
Depreciation	¥ 1,215	321	400	262	287	¥ 2,487
Impairment loss	—	—	—	653	107	¥ 760
Capital expenditure	¥ 1,225	608	493	279	610	¥ 3,217

Thousands of U.S. dollars						
2008						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Assets	\$653,514	293,249	334,477	306,166	343,536	\$1,930,944
Depreciation	\$ 13,361	4,675	4,172	3,643	1,661	\$ 27,514
Impairment loss	\$ —	—	—	—	1	\$ 1
Capital expenditure	\$ 11,553	7,522	3,482	5,461	1,160	\$ 29,179

(Main products in each segment)

#### Industry A

##### Iron, steel and steel casting related businesses;

Ductile steel pipe, specially shaped pipe, accessories, various controlling valves, special cast iron and cast steel, various water works construction, investigation/design/construction of civil engineering works.

#### Industry B

##### Steel structure and machinery related businesses;

Bridge, water gate, water tube bridge, various industrial machinery and plant, disposal facility for bulky waste, various press.

#### Industry C

##### Construction and construction related businesses;

Construction, various ducts.

#### Industry D

##### Other business areas;

Various FRC products, polymer concrete FRP pipe, various plastic molded products.

### (2) Geographic Segments

Geographic segment information has been omitted, as the percentage of "national" exceeded 90% in both sales and assets in all segments.

### (3) Sales to Foreign Customers

Foreign sales have been omitted, as they did not reach 10% of consolidated sales.

## Note 12. Subsequent Events

Cash dividends of the Company's retained earnings for the year ended March 31, 2008 were proposed by the Board of Directors and approved by the shareholders at the annual general meeting held on June 27, 2008, as follows:

Cash dividends (¥0.0 per share)	Millions of yen	Thousands of U.S. dollars
	¥	\$
	—	—

# Report of Independent Auditors

## Report of Independent Auditors

OSAKA AUDIT CORPORATION  
3-6, Kitahama 2-chome, Chuo-ku,  
Osaka, Japan

### To the Board of Directors of Kurimoto, Ltd.

We have audited the accompanying consolidated balance sheets of Kurimoto, Ltd. and consolidated subsidiaries, as of March 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices 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 Kurimoto, Ltd. and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices 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 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

*Osaka Audit Corporation*

Osaka, Japan  
June 27, 2008

# Corporate Information

## Kurimoto, Ltd.

### Outline

Founded	1909
Incorporated	1934
Common stock	¥31,186 million*
Total assets	¥124,980 million*
Employees	1,411

\*as of March 31, 2008

### Board of Directors

(as of June 27, 2008)

<b>President</b>	Hideaki Fukui
<b>Senior Managing Director</b>	Takehiro Ueshima Hirotsugu Kuramoto
<b>Director</b>	Moriyoshi Kushida Shozo Izumi Kenji Oki Hirobumi Okada
<b>Corporate Auditor</b>	Toshitsugu Emura Isamu Tanaka Akio Tenmei Eiji Nakatani
<b>Managing Officer</b>	Nobuo Kanamori
<b>Officer</b>	Toshikazu Yamashita Minoru Murata Hisato Sato Shinya Kojima Masakazu Nishio Shin Ikuta Naohumi Saito

### Stock

(as of March 31, 2008)

Common Stock	
Number of authorized shares	393,766,000
Number of issued shares	133,984,908
Number of shareholders	9,426

### Principal Shareholders

(as of March 31, 2008)

	Number of shares held (in thousands)	Percentage of voting rights
Taiyo Life Insurance Company	12,090	9.0%
Nippon Life Insurance Company	8,482	6.3%
The Master Trust Bank of Japan, Ltd.	7,879	5.9%
Japan Trustee Services Bank, Ltd.	7,217	5.4%
Mizuho Trust & Banking Co., Ltd.	4,601	3.4%
Resona Bank, Limited	4,440	3.3%

### Offices

#### Head Office

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580,  
Japan  
Telephone: (06) 6538-7724 Fax: (06) 6538-7756

#### Tokyo Office

1-9, Shimbashi 4-chome, Minato-ku, Tokyo 105-0004,  
Japan  
Telephone: (03) 3436-8001 Fax: (03) 3436-8024

#### Hokkaido Office

3, Nishi 3-chome, Kitaichijo, Chuo-ku, Sapporo 060-0001,  
Japan  
Telephone: (011) 281-3301 Fax: (011) 281-3369

#### Tohoku Office

12-30, 1-chome Honcho, Aoba-ku, Sendai 980-0014,  
Japan  
Telephone: (022) 227-1872 Fax: (022) 227-8417

#### Nagoya Office

27-2, Meiekiminami, 1-chome, Nakamura-ku, Nagoya  
450-0003, Japan  
Telephone: (052) 551-6930 Fax: (052) 551-6940

#### Chugoku Office

16-11, Hachobori, Naka-ku, Hiroshima 730-0013, Japan  
Telephone: (082) 227-5605 Fax: (082) 227-5056

#### Kyushu Office

3-11, Hakataeki-minami 1-chome, Hakata-ku, Fukuoka  
812-0016, Japan  
Telephone: (092) 451-6622 Fax: (092) 471-7696

#### Philippines Office

11th floor, 6788 Ayala Avenue, Oledan Square, Makati  
City, Philippines  
Telephone: +63-2-886-7188 Fax: +63-2-886-7189

#### Shanghai Office

No.107 Zunyi Road, Shanghai 200051, China  
Room 707, Aetht Tower  
Telephone: +86-21-6237-5849 Fax: +86-21-6237-5850

#### Europe Office

Address: Berliner Allee 40 40212 Dusseldorf, Germany  
Telephone: +49-211-550-46411 Fax: +49-211-550-46420

### Banking References

#### Head Office

Mizuho Corporate Bank, Ltd. (Osaka Branch)  
Resona Bank, Limited. (Semba Branch)  
Sumitomo Mitsui Banking Corporation (Midosuji Branch)  
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Osaka-chuo  
Branch)

#### Tokyo Office

Mizuho Corporate Bank, Ltd. (Utisaiwai-cho Branch)  
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Shimbashi Branch)  
Resona Bank, Limited. (Shimbashi Branch)  
Sumitomo Mitsui Banking Corporation (Hibiya Branch)

## Kurimoto Group

(as of June 27, 2008)

### **Kurimoto Construction Industry Co., Ltd.**

Operations: Contract for civil engineering works as a whole, and others

### **Kurimoto Trading Co., Ltd.**

Operations: Marketing of ductile iron pipes, valves, and synthetic resin products

### **Kurimoto Plastics Co., Ltd.**

Operations: Production and marketing of FRP pipes, synthetic resin products, and fiber-reinforced cement products

### **Kurimoto Technos Co., Ltd.**

Operations: Construction and engineering of steel structures  
Maintenance of various plants  
Installation works and maintenance of valves

### **Kurimoto Trading Corporation**

Operations: Manufacture and sales of cast iron pipes, pipe fittings and pipe accessories

### **Pipe Systems & Technology, Ltd.**

Operations: Investigation, planning, design, engineering, maintenance and operating of pipelines and facilities, research & developments, sales and leases of piping materials and implements

### **Kurimoto Logistics Co., Ltd.**

Operations: Truck carrier

### **Kurimoto Concrete Industries, Ltd.**

Operations: Production of concrete pipes

### **Sasebo Metal Co., Ltd.**

Operations: Manufacture and sales of castings

### **Sanko Kiko Co., Ltd.**

Operations: Marketing of plumbing materials and castings, construction materials

### **FEC, Ltd.**

Operations: Marketing valves and water treatment equipment

### **Riko, Ltd.**

Operations: Production of valves

### **Kurimoto Mec, Ltd.**

Operations: Marketing of wear resistant castings, crushers

### **Kurimoto Hosono Corporation**

Operations: Sales of cast iron and other types of piping

### **Kurimoto Finance Co., Ltd.**

Operations: Consulting about financial strategy planning, fund procurement, and its management.

### **Kurimoto Business Associates Co., Ltd.**

Operations: · Rent of real estate, nonlife insurance agency, and contract for other businesses  
· Planning, design, development, maintenance, and management of any information system

### **Kuriken Sarvice Co., Ltd.**

Operations: · Nonlife insurance agency  
· Sales of life insurance

### **Yashima Chemical Engineering Co., Ltd.**

Operations: Design, manufacturing, sale, and maintenance of machines relating to varied chemicals and drugs

### **Jiangsu Kurimoto Rixin Environment Co., Ltd.**

Operations: Manufacture and sales of environmental equipment

### **Yamatogawa Co., Ltd.**

Operations: The sale and the construction of the king of the plumber machinery and materials such as the pipe, the valve

### **Sunrise Co., Ltd.**

Operations: marketing of construction materials

### **Ningbo Tongkwang Industrial Co., Ltd.**

Operations: Production of valves

### **Kurimoto USA, Inc.**

Operations: Holding company

### **Readco Kurimoto, LLC**

Operations: Manufacture and sales of industrial machinery

### **Jinan Kurimoto Tianli Chemical Equipment Co., Ltd.**

Operations: Manufacturing and sales of indirect heat drying, powder plant equipment

### **Motoyama Eng. Works, Ltd.**

Operations: Manufacturing and sales of industrial valves

### **Ks-Tech Co., Ltd.**

Operations: Manufacture, sales and construction of forging machinery, forming machinery and related products

### **Kurimoto Bridge, Ltd.**

Operations: Construction and engineering of steel structures, and others

### **Hokkaido Kanzai Co., Ltd.**

Operations: Marketing of cast iron pipes, valves, and Synthetic resin products

### **Kurimoto (Shanghai) Trading, Ltd.**

Operations: Wholesale of machinery equipment, steel, and nonmetallic products

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## **X KURIMOTO, LTD.**

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Facsimile (06)6538-7756

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