

**Nagano Japan Radio Co., Ltd. and Subsidiaries**

**Consolidated Balance Sheets**  
**March 31, 2008 and 2007**

ASSETS	Thousands of Yen		Thousands of U.S. Dollars (Note 1)	LIABILITIES AND SHAREHOLDERS' EQUITY	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008		2008	2007	2008
<b>CURRENT ASSETS:</b>				<b>CURRENT LIABILITIES:</b>			
Cash and cash equivalents	¥ 2,304,228	¥ 2,944,264	\$ 22,999	Short-term bank loans	¥ 5,840,748	¥ 6,417,463	\$ 58,297
Time deposits other than cash equivalents	338,700	338,700	3,381	Current portion of long-term debt	2,664,220	2,558,860	26,592
Marketable securities				Payables:			
Receivables:				Trade notes	4,837,951	5,211,135	48,288
Trade notes	964,871	1,688,878	9,630	Trade accounts	3,129,704	3,121,443	31,238
Trade accounts	9,387,576	8,880,302	93,698	Other	733,071	722,364	7,317
Other	164,126	376,553	1,638	Income taxes payable	63,513	57,491	634
Inventories	6,986,621	7,721,385	69,734	Accrued expenses	253,328	280,707	2,528
Deferred tax assets	459,638	419,709	4,588	Other current liabilities	357,017	364,870	3,562
Other current assets	102,593	87,291	1,024				
Allowance for doubtful accounts	(19,230)	(20,903)	(192)	Total current liabilities	17,879,552	18,734,333	178,456
Total current assets	20,689,123	22,436,179	206,500				
<b>PROPERTY, PLANT AND EQUIPMENT</b>				<b>LONG-TERM LIABILITIES:</b>			
Land	3,432,430	3,432,429	34,259	Long-term debt	5,094,050	6,758,270	50,844
Buildings and structures	6,901,656	6,892,652	68,886	Liability for retirement benefits	304,389	325,862	3,038
Machinery and equipment	2,531,182	2,593,929	25,264	Deferred tax liabilities for land revaluation	613,793	613,793	6,126
Furniture and fixtures	3,685,994	4,000,456	36,790	Long-term payable	771,912	1,113,291	7,704
Construction in progress	2,109	84,609	21	Other	28,757	78,975	287
Total	16,553,371	17,004,075	165,220	Total long-term liabilities	6,812,901	8,890,191	67,999
Accumulated depreciation	(10,716,479)	(10,875,532)	(106,962)				
Net property, plant and equipment	5,836,892	6,128,543	58,258	<b>MINORITY INTERESTS</b>			
<b>INVESTMENTS AND OTHER ASSETS:</b>				<b>SHAREHOLDERS' EQUITY</b>			
Investment securities	428,236	552,322	4,274	Common stock—authorized, 60,000 thousand shares; issued, 36,421 thousand shares both in 2007 and in 2006	3,649,580	3,649,580	36,427
Deferred tax assets	16,252	19,905	162	Capital surplus	2,840,440	2,840,440	28,351
Deposit	195,552	194,898	1,952	Accumulated deficit	(4,956,116)	(5,812,475)	(49,467)
Other assets	114,967	117,884	1,147	Land revaluation surplus	904,069	904,069	9,024
Allowance for doubtful accounts	(76,298)	(71,878)	(762)	Unrealized gain on available-for-sale securities	40,421	114,331	403
Total investments and other assets	678,709	813,131	6,773	Foreign currency translation adjustments	35,034	58,461	350
				Total	2,513,428	1,754,406	25,088
				Treasury stock—at cost, 4,774 shares both in 2007 and in 2006	(1,157)	(1,077)	(12)
				Total shareholders' equity	2,512,271	1,753,329	25,076
<b>TOTAL</b>	<b>¥ 27,204,724</b>	<b>¥ 29,377,853</b>	<b>271,531</b>	<b>TOTAL</b>	<b>¥ 27,204,724</b>	<b>¥ 29,377,853</b>	<b>271,531</b>

(Note 1) The translation of Japanese yen amounts into U.S. dollar amounts has been made at the rate of ¥ 100.19 to \$1, the approximate rate of exchange at March 31, 2008.

## Nagano Japan Radio Co., Ltd. and Subsidiaries

### Consolidated Statements of Operations Years Ended March 31, 2008 and 2007

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2008</u>	<u>2007</u>	<u>2008</u>
NET SALES	¥ 37,267,279	¥ 35,936,243	\$ 371,966
COST OF SALES	<u>32,742,617</u>	<u>31,815,834</u>	<u>326,805</u>
Gross profit	4,524,662	4,120,409	45,161
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>2,878,933</u>	<u>2,813,529</u>	<u>28,735</u>
Operating income	<u>1,645,729</u>	<u>1,306,880</u>	<u>16,426</u>
OTHER INCOME (EXPENSES):			
Interest and dividends	14,951	11,957	149
Interest expense	(493,329)	(524,226)	(4,924)
Rental revenue	8,219	7,097	82
Foreign exchange gain (loss)	(229,134)	20,934	(2,287)
Loss on disposals of property, plant and equipment	(23,780)	(29,640)	(237)
Repayment to the Defense Agency			
Other—net	<u>(54,978)</u>	<u>(22,819)</u>	<u>(549)</u>
Other expenses—net	<u>(778,051)</u>	<u>(536,697)</u>	<u>(7,766)</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	<u>867,678</u>	<u>770,183</u>	<u>8,660</u>
INCOME TAXES			
Current	47,934	51,623	478
Deferred	<u>(36,615)</u>	<u>(26,262)</u>	<u>(365)</u>
Total income taxes	<u>11,319</u>	<u>25,361</u>	<u>113</u>
MINORITY INTERESTS IN NET LOSS		<u>4,906</u>	
NET INCOME	<u>¥ 856,359</u>	<u>¥ 749,728</u>	<u>\$ 8,547</u>

(Note 1) The translation of Japanese yen amounts into U.S. dollar amounts has been made at the rate of ¥ 100.19 to \$1, the approximate rate of exchange at March 31, 2008.

## Nagano Japan Radio Co., Ltd. and Subsidiaries

### Consolidated Statements of Operations Years Ended March 31, 2008 and 2007

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	Yen		U.S. Dollars
	<u>2008</u>	<u>2007</u>	<u>2008</u>
PER SHARE OF COMMON STOCK			
Net income (loss)	¥ 23.52	¥ 20.59	\$ 0.23

**Nagano Japan Radio Co., Ltd. and Subsidiaries**

**Consolidated Statements of Shareholders' Equity  
Years Ended March 31, 2008 and 2007**

	Thousands	Thousands of Yen						
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Accumulated Deficit	Land Revaluation Surplus	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock at Cost
BALANCE, APRIL 1, 2006	36,421	¥ 3,649,580	¥ 2,840,440	¥ (6,561,537)	¥ 903,402	¥ 168,410	¥ 61,634	¥ (1,077)
Net income				749,729				
Decrease of land revaluation surplus				(667)	667			
Foreign currency translation adjustments							(3,173)	
Net increase in unrealized gain on available-for-sale securities						(54,079)		
Increase in treasury stock								
Issuance of common stock								
BALANCE, MARCH 31, 2007	<u>36,421</u>	<u>¥ 3,649,580</u>	<u>¥ 2,840,440</u>	<u>¥ (5,812,475)</u>	<u>¥ 904,069</u>	<u>¥ 114,331</u>	<u>¥58,461</u>	<u>¥(1,077)</u>
Net income				856,359				
Increase of land revaluation surplus								
Foreign currency translation adjustments							(23,428)	
Net increase in unrealized gain on available-for-sale securities						(73,910)		
Increase in treasury stock (360 shares)								(80)
Issuance of common stock								
BALANCE, MARCH 31, 2008	<u>36,421</u>	<u>¥ 3,649,580</u>	<u>¥ 2,840,440</u>	<u>¥ (4,956,116)</u>	<u>¥ 904,069</u>	<u>¥ 40,421</u>	<u>¥35,033</u>	<u>¥(1,157)</u>

	Thousands of U.S. Dollars (Note 1)						
	Common Stock	Capital Surplus	Accumulated Deficit	Land Revaluation Surplus	Unrealized Gain (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock at Cost
BALANCE, MARCH 31, 2006	\$ 36,427	\$ 28,351	\$ (58,015)	\$ 9,024	\$ 1,141	\$ 584	\$ (11)
Net income			8,548				
Decrease of land revaluation surplus							
Foreign currency translation adjustments						(234)	
Net increase in unrealized gain on available-for-sale securities					(738)		(1)
Increase in treasury stock (360 shares)							
Issuance of common stock							
BALANCE, MARCH 31, 2008	<u>\$ 36,427</u>	<u>\$ 28,351</u>	<u>\$ (49,467)</u>	<u>\$ 9,024</u>	<u>\$ 403</u>	<u>\$ 350</u>	<u>\$ (12)</u>

(Note 1) The translation of Japanese yen amounts into U.S. dollar amounts has been made at the rate of ¥ 100.19 to \$1, the approximate rate of exchange at March 31, 2008.

## Nagano Japan Radio Co., Ltd. and Subsidiaries

### Consolidated Statements of Cash Flows Years Ended March 31, 2008 and 2007

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥ 867,678	¥ 770,182	\$ 8,660
Adjustments for:			
Income taxes—paid	(35,935)	(79,625)	(359)
Depreciation and amortization	369,793	346,354	3,691
Changes in assets and liabilities:			
Decrease in trade notes and accounts receivable	186,849	1,110,051	1,865
(Increase) decrease in inventories	702,333	(666,214)	7,010
Increase (decrease) in trade notes and accounts payable	(345,017)	1,133,719	(3,444)
Increase (decrease) in accrued expenses	(27,552)	27,766	(275)
Increase in allowance for doubtful accounts	2,747	39,770	27
Increase(decrease) in liability for retirement benefits	(21,472)	81,379	(214)
Other—net	(127,856)	(354,750)	(1,275)
Total adjustments	703,890	1,638,450	7,026
Net cash provided by operating activities	1,571,568	2,408,632	15,686
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	(63,120)	(235,290)	(630)
Proceeds from sale of property, plant and equipment		4,598	
Decrease in time deposits other than cash equivalents		194,538	
Proceeds from sale of investment securities		246,251	
Other assets—net	(7,634)	(39,363)	(76)
Net cash provided by (used in) investing activities	(70,754)	170,734	(706)
<b>FINANCING ACTIVITIES:</b>			
Decrease in short-term bank loans—net	(576,715)	(5,600,309)	(5,756)
Repayments of long-term debt	(2,558,860)	(1,537,840)	(25,540)
Proceeds from long-term bank loans	1,000,000	6,300,000	9,981
Disbursements for repayments of bonds		(1,800,000)	
Purchases of treasury stock	(79)		(1)
Net cash provided (used in) financing activities	(2,135,654)	(2,638,149)	(21,316)
<b>FORWARD</b>	¥ (634,840)	¥ (58,783)	\$ (6,336)

## Nagano Japan Radio Co., Ltd. and Subsidiaries

### Consolidated Statements of Cash Flows Years Ended March 31, 2008 and 2007

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2008</u>	<u>2007</u>	<u>2008</u>
FORWARD	¥ (634,840)	¥ (58,783)	\$ (6,336)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	<u>(5,196)</u>	<u>5,142</u>	<u>(52)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(640,036)	(53,641)	(6,388)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,944,264</u>	<u>2,997,905</u>	<u>29,387</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 2,304,228</u>	<u>¥ 2,944,264</u>	<u>\$22,999</u>

(Note 1) The translation of Japanese yen amounts into U.S. dollar amounts has been made at the rate of ¥ 100.19 to \$1, the approximate rate of exchange at March 31, 2008.