NOHMI BOSAI LTD.

ANNUAL REPORT 2008

For the Year Ended March 31, 2008

NOHMI

Profile

Nohmi Bosai Ltd., established in 1944 and listed on the First Section of the Tokyo Stock Exchange in 1991, is a leading Japanese manufacturer of fire alarm and fire extinguishing systems. In fiscal 2008, ended March 31, 2008, the Company realized consolidated net sales of ¥84.9 billion. Nohmi Bosai is responsible for the development, marketing, installation and maintenance of a wide variety of state-of-the-art fire protection systems. In addition to our strong domestic presence, we are also active in China, other parts of Asia and the United States.

Contents

Cautionary Statement with Respect to Forward-Looking Statements

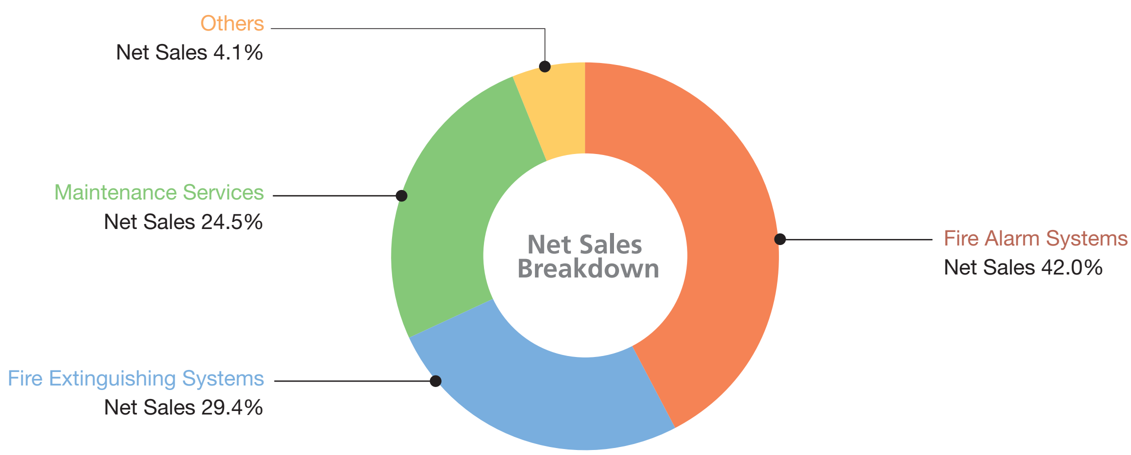
Statements made in this annual report with respect to Nohmi Bosai's plans, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about the future performance of Nohmi Bosai, which are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions in Nohmi Bosai's markets, industrial market conditions and Nohmi Bosai's ability to continue to win acceptance of its products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology and changing customer preferences.

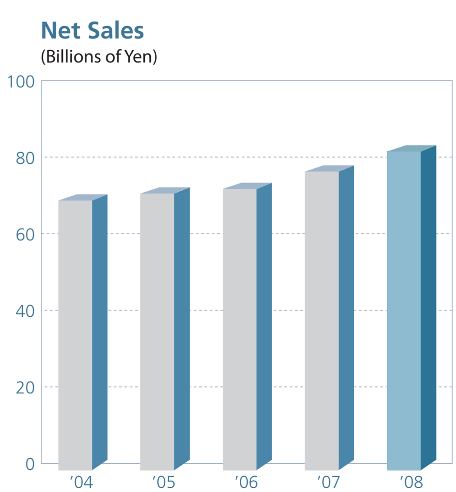
Consolidated Financial Highlights

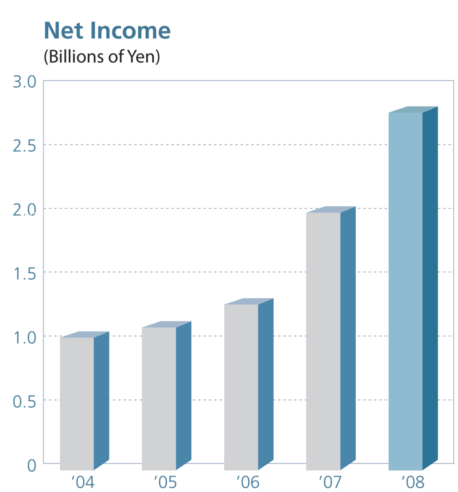
Nohmi Bosai Ltd. and its Subsidiaries
For the years ended March 31, 2006, 2007 and 2008

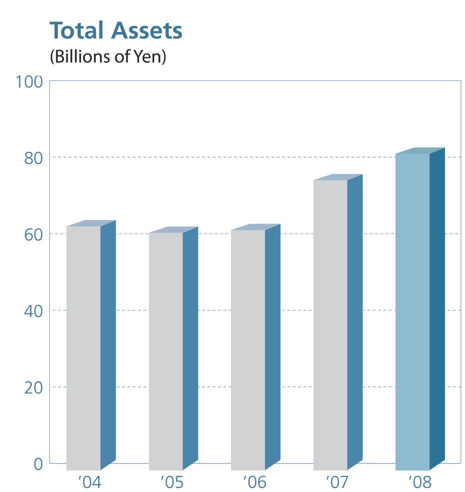
	Millions of Yen			Percentage Change	Thousands of U.S. Dollars
	2006	2007	**2008**	2008/2007	**2008**
For the year:					
New orders	¥77,270	¥ 83,493	**¥ 85,077**	1.9 %	**$849,157**
Net sales	75,147	79,706	**84,947**	6.6	**847,859**
Cost of sales	55,532	57,681	**60,770**	5.4	**606,547**
Operating income	2,515	3,802	**4,829**	27.0	**48,198**
Net income	1,354	2,067	**2,854**	38.1	**28,486**
At year-end:					
Total assets	¥64,432	¥77,444	**¥81,249**	4.9 %	**$810,949**
Total net assets	31,082	46,646	**49,319**	5.7	**492,255**
Backlog of orders	28,501	32,288	**32,418**	0.4	**323,565**
Number of employees	1,859	1,878	**2,068**	—	—
Per share (in yen and U.S. dollars):					
Net income—primary	¥ 30.35	¥43.44	**¥ 47.26**	8.8 %	**$ 0.47**
Cash dividends	10.00	10.00	**13.00**	—	**0.13**

Notes: 1. Per share amounts are based on the weighted average number of shares outstanding during each period.
2. All dollar figures herein refer to U.S. currency unless otherwise specified. The dollar amounts in this report represent the translation of yen, for convenience only, at the rate of ¥100.19=US$1, the approximate effective rate of exchange prevailing on March 31, 2008.
3. All amounts are in millions of yen or thousands of U.S. dollars, except number of employees and per share amounts.









A Message from the President

Takeshi Hashizume
President

I would like to start off by thanking our shareholders for their continued support, and also to take this opportunity to announce my appointment as president of Nohmi Bosai Ltd., as of June 27, 2008. In taking the company helm, I aim to steer us toward a more streamlined management and live up to the expectations of the shareholders, customers and corporate partners, as well as our employees and their families.

Business Environment and Results

This year, we have seen Japan's economy, buoyed by a growing number of exports, move toward a gradual recovery. Despite this upswing, the slowdown in the US economy—triggered by the subprime mortgage crisis, fluctuations in stock and foreign exchange markets, as well as skyrocketing oil prices—have clouded the outlook for the future.

The domestic fire protection industry continues to face a harsh operating environment, characterized by falling market prices and a decline in both public sector investments and private investments for homes, where residential fire alarms are installed.

In 2007 the Nohmi Bosai Group implemented a new three-year medium-term business plan, "Next Stage 21," that will guide us through the stormy economic seas that lie ahead. Working under the banner of "Building a Premium Fire Protection Systems Brand," we have prioritized the following initiatives in order to improve our operations.

To strengthen corporate management by:

1. Tapping into new markets
2. Reforming existing businesses
3. Enhancing consolidated operations

To strengthen our corporate foundation by:

1. Boosting research and development (R&D) and technological capabilities
2. Building up production capacities
3. Strengthening overseas operations
4. Improving core business systems
5. Enhancing the training and development of fire protection professionals

As a result of these initiatives, the value of orders received has totaled ¥85,077 million for this year, representing a 1.9% year-on-year increase. Net sales were also up 6.6%, year-on-year, reaching ¥84,947 million.

Net sales varied across the entire range of business segments. They increased by 5.8% to a total of ¥35,671 million in the Fire Alarm Systems segment, by 21.1% to ¥24,943 million for the Fire Extinguishing Systems segment, and by 1.7% to ¥20,863 million for the Maintenance Services segment, all on a year-on-year basis. Net sales for the Others segment, however, decreased 28.9% to ¥3,470 million.

Ordinary income rose 31.9% year-on-year to total ¥5,151 million yen. Net income for the year also jumped 38.1% year-on-year to reach ¥2,854 million.

Operating Highlights

We made Groupwide efforts to improve our operations, as this fiscal year marks the first year of our new three-year medium-term business plan. As a result, we were able to achieve financial results that were in line with our initial projections.

Given this operating environment, we have decided to set year-end cash dividends at ¥8.00 per share, which includes an ordinary dividend of ¥5.00 per share and a special dividend of ¥3.00 per share. Total cash dividends at the end of fiscal 2008 will amount to ¥13.00 per share combined with interim dividends of ¥5.00 per share.

Management Policies

The Nohmi Bosai Group is committed to its role as "pioneers in the fire protection industry, who are dedicated to making society safer"which is its company motto. At the heart of this mission lies a fundamental commitment to provide the most suitable, highest quality, state-of-the-art fire protection systems designed to protect life and property. This commitment encompasses every phase of our operations—from R&D right through to sales, installation and maintenance—with a keen focus on conserving the environment, energy and natural resources.

We have also implemented measures to further improve corporate governance. We demonstrate accountability to our shareholders, investors and important stakeholders by disclosing information in a timely and appropriate manner, and by ensuring compliance with our code of conduct and internal group rules in order to prevent misconduct.

We have appointed two directors to the Board of Directors from outside the company. The Board makes important business decisions and oversees business operations with the aim of maximizing corporate value, thus ensuring transparency in our corporate management, and enabling a faster decision-making process.

We have appointed three corporate auditors to the Board of Auditors from outside the Company as well. The standing Corporate Auditors attend all important meetings, including those held by the Board of Directors and Board of Managing Directors. They investigate all the companies within the Group, monitor the independence of accounting auditors and communicate with the accounting auditors for the purpose giving reports and explanations. They hold auditors'meetings on a regular basis to report and discuss the results of their work, thus reinforcing the board's auditing function.

The Audit Department—an internal audit department independent from other departments—coordinates with auditors and accounting auditors to systematically conduct financial and operational audits of all departments. It provides recommendations for improvements based on audit findings and requires departments to report on the status of any recommended improvements on a regular basis, as well as to report to the president and the auditors in order to solve any problems that may arise.

We have developed Risk Management Guidelines and established an organization which includes the Risk Management Committee, led by the director in charge of general affairs. Emergency Action Headquarters, headed by the president, has also been established, should it be needed in the event of an emergency.

As noted above, we continue to reorganize our corporate management structure and review the rules for corporate management and business operations with an eye to improving corporate governance.

Outlook

The general economy is likely to spiral downward due to the subprime mortgage crisis, as well as the upward surge in oil prices, as corporate earnings dwindle despite the steady trend of growing exports.

The current outlook for the fire protection industry remains uncertain due to diminishing government spending on public works as well as stiff price competition.

In order to weather the inclement economic climate that lies ahead we implemented the new three-year medium-term business plan in 2007. We will strive to achieve the goals set forth in this plan and improve our business performance under the banner of "Building a Premium Fire Protection Systems Brand." This plan focuses on the following priorities:

1. Enhancing operational capabilities

2. Strengthening target management

3. Enhancing consolidated operations

4. Boosting R&D and technological capabilities

I would like to take this opportunity on behalf of the Board of Directors at Nohmi Bosai to once again thank all the stakeholders, including our shareholders, for their continued support over the coming year.

July 2008

Takeshi Hashizume

Takeshi Hashizume
President

Fire Alarm Systems

The Nohmi Bosai Group provides a wide range of fire alarm systems and equipment—including automatic fire alarm systems, environmental monitoring systems and fire/smoke control systems—for various locations, ranging from homes to large-scale commercial and industrial facilities. These products are highly regarded in the marketplace for their use of cutting-edge technology as well as outstanding practicality and safety, and are all supported by our stringent quality assurance.

We continue to develop highly reliable products that meet the diverse requirements of today's buildings, as well as the analog addressable fire alarm equipment that satisfy overseas standards.

The Year in Review

Net sales in the Fire Alarm Systems segment in fiscal 2008, which represented 42.0% of consolidated net sales, were up 5.8%, or ¥1,949 million, from last year for a total of ¥35,671 million. Operating income was up 13.5% year on year, or ¥530 million, to total ¥4,467 million. New orders increased 4.8% year on year, or ¥1,652 million, to reach ¥35,728 million.

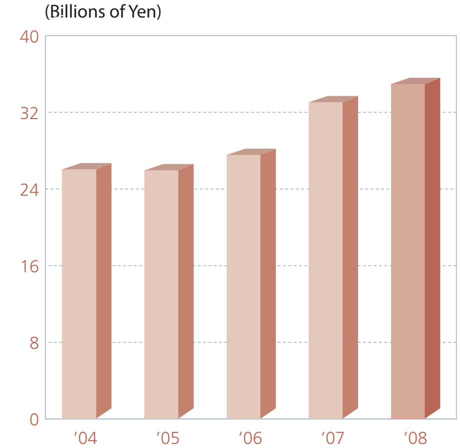
We saw a slight increase in revenue in the period under review from both new installations and renovation work, while sales of residential fire alarms remained level.

Outlook

In response to continued customer demands for even lower prices, we will focus our marketing efforts on targeting small multi-occupant buildings and expanding sales of residential fire alarms. At the same time, we will reinforce our market share abroad by increasing sales to China, which is continuing to rebuild its domestic infrastructure.

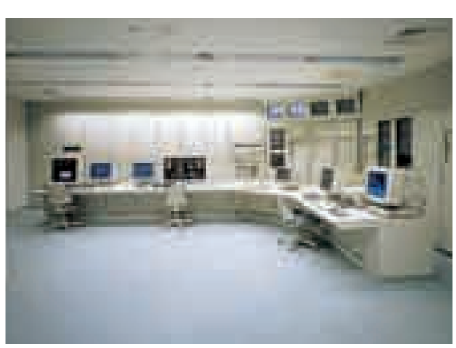
Net Sales of Fire Alarm Systems

(Billions of Yen)



Major Products and Services

- Fire Alarms and Bells
- Heat, Smoke and Gas Detectors
- Infrared Ray Flame Detectors
- Control Panels
- Very Early Smoke Detection Apparatus
- Smoke Control Systems
- Transmitters
- Auxiliary Equipment



Fire Monitoring Panels in Control Center

Residential Fire Alarm

Fire Extinguishing Systems

The Nohmi Bosai Group offers a variety of sprinkler systems and foam systems for large-scale buildings and facilities—including office buildings, leisure complexes, factories, industrial plants and road tunnels. We also offer residential sprinklers. We have earned an excellent reputation for the excellent design and installation skills behind our fire extinguishing systems for waste incineration facilities, chemical plants and other specialized facilities.

We continue to leverage our proprietary technologies to develop distinctive new products, as well as to develop products that will cultivate new markets in a developing society.

The Year in Review

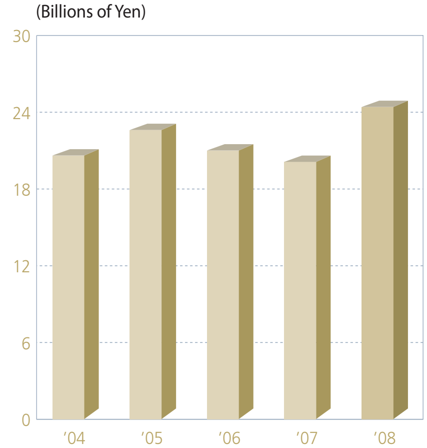
Net sales in the Fire Extinguishing Systems segment in fiscal 2008—representing 29.4% of consolidated net sales—saw a year-on-year increase of 21.1%, or ¥4,343 million, and a total of ¥24,943 million. Operating income rose 41.6%, or ¥379 million, from the previous fiscal year to ¥1,289 million. New orders increased 5.2%, or ¥1,252 million, to ¥25,266 million.

In the period under review, sales of road tunnel fire protection equipment saw a significant increase. Sales of fire extinguishing equipment for general properties such as high-rise buildings and special properties, including plants and factories, also increased. Due to the increase in the cost to sales ratio, however, we saw only a slight increase in operating income of ¥379 million.

Outlook

We will strengthen our marketing proposals by leveraging our outstanding technological capabilities to develop products suited to control fires in industrial plants, and those resulting from hazardous materials, and will deliberately and systematically respond to the new demands arising from the performance-based codes incorporated into the amendments to the Fire Service Law.

Net Sales of Fire Extinguishing Systems
(Billions of Yen)



Major Products and Services

- Sprinklers
- Spray Heads and Nozzles
- Fire Extinguishers
- High-Expansion Foam Extinguishing Systems
- Dry Chemical Extinguishing Systems
- Heat and Gas Dispersion Control Systems
- Water Cannons

High-Expansion Foam Extinguishing System

Foam Extinguishing Test

Maintenance Services

We believe that research and development goes hand in hand with maintaining the quality and optimal performance of fire protection systems. The key to delivering top performance of these systems is maintenance.

The Maintenance Services segment guarantees the performance of all its products by offering a wide variety of maintenance services, including round-the-clock online monitoring and telephone support services, repairs as well as fire protection equipment leasing. We also offer fire protection consulting services to building owners.

The Year in Review

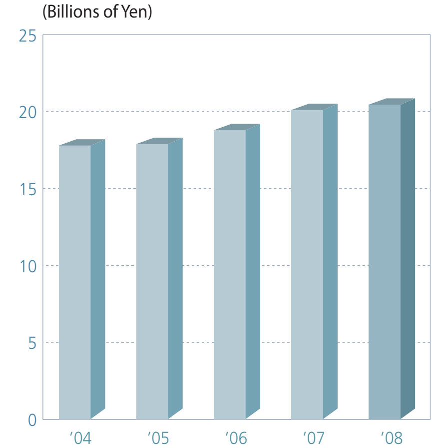
Net sales for the Maintenance Services segment in fiscal 2008 amounted to ¥20,863 million, up 1.7%, or ¥358 million, from the last fiscal year and representing 24.5% of consolidated net sales. Operating income dipped 2.3%, or ¥85 million, to ¥3,615 million. New orders increased 3.6%, or ¥734 million, to ¥20,941 million.

We achieved a slight rise in overall sales in this segment thanks to increases in revenue from maintenance, repair and installation services. However, operating income dropped by ¥85 million due to an increase in selling, general and administrative expenses.

Outlook

The Japanese Fire Service Law stipulates the regular inspection of all fire alarms and fire extinguishing equipment. Accordingly, the maintenance services market for these products has remained stable. Because we conduct in-house development, system design and installation of our fire protection equipment, we are in an excellent position to offer comprehensive maintenance services. We are adapting to advances in building construction technology by taking steps to enhance the technical skills and expertise of our maintenance staff through intensive training programs. We are also promoting our business policy to get orders for maintenance services from customers at the same time as they place orders for new installations.

Net Sales of Fire Maintenance Services
(Billions of Yen)



Major Services
- Maintenance Services
- Inspection Services

Maintenance Services

Inspection Services

Others

This segment includes the assembly of printed circuit boards (PCBs) and the installation and management of parking lot control systems. PCBs are an essential part of high-technology equipment. Their assembly requires advanced technical skills and state-of-the art equipment.

Our parking lot control service utilizes the driving lane control system to make driving in parking lots safer and improve the efficiency of parking lot traffic flow and operations. We offer a full range of systems to accommodate parking lots of all sizes.

The Year in Review

Net sales for this segment in fiscal 2008 amounted to ¥3,470 million, down 28.9%, or ¥1,409 million, from the previous fiscal year, and represented 4.1% of consolidated net sales. Operating income rose 40.6% year-on-year, or ¥144 million, to total ¥499 million. New orders declined 39.5% year on year, or ¥2,054 million, to ¥3,142 million.

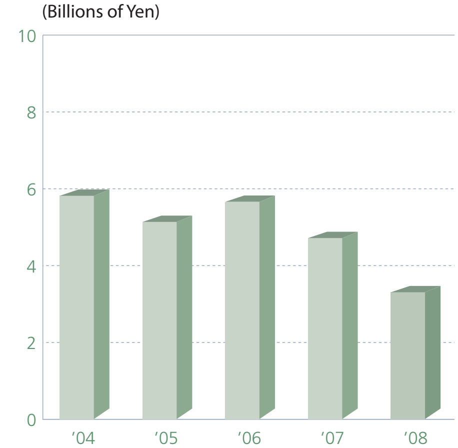
Overall sales dropped significantly due to a sharp decline in PCB assembly, as well as a fall in sales of parking lot control systems. Gross profit increased due to the better cost-to-sales ratio and operating income edged up ¥144 million, despite a slight increase in sales expenses.

Outlook

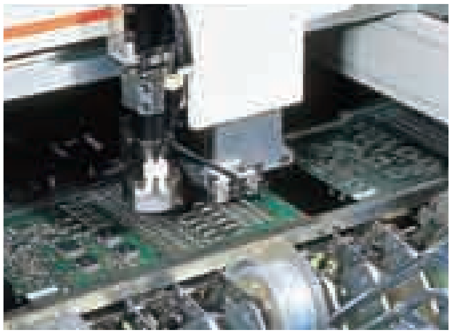
We have decided to withdraw from the PCB assembly business in fiscal 2008, owing to the lack of expectations for an increase sales. This business accounted for a large portion of sales in this segment.

We will concentrate our advanced technological capabilities and production capacities on more profitable operations to improve overall performance.

Net Sales of Others
(Billions of Yen)



Major Products and Services
- Printed Circuit Board Assembly Operations
- Parking Lot Maintenance Services



Printed Circuit Board Assembly Operations

Parking Control System

An Integrated Fire Protection Service

Nohmi Bosai's mission is to ensure that people have effective fire protection so they can enjoy safe and comfortable lives. To this end, we have established an integrated series of services that assume consistent responsibility for giving customers the best fire protection system for their needs.

Research and Development

Simulation experiments are performed in Nohmi Bosai's laboratories to enable the Company to develop fire alarm and extinguishing systems that provide an optimum degree of fire protection for the customer.

Risk Analysis

The first step in providing fire protection is to understand the customer's specific requirements. Nohmi Bosai conducts detailed analyses of the customer's premises to evaluate important environmental factors and potential fire hazards.

Consultation and System Design

Information obtained from simulation experiments and client consultation is important for both designing and developing customized fire protection systems.

Manufacturing and Quality Assurance

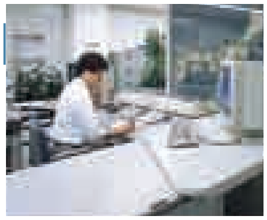
All of Nohmi Bosai's products are manufactured under a strict quality control system. Evidence of our commitment to quality is the certification of our Menuma factory under ISO 9002—an internationally recognized standard for quality systems.

Installation

After designing an appropriate fire protection system, our specialists install the new system. Nohmi Bosai's abundant experience in installing fire protection systems ensures that work proceeds quickly and smoothly.

Commissioning

The commissioning stage is vital. At project completion, our specialists conduct a thorough inspection of the newly installed fire protection system to ensure that all fire alarm and extinguishing systems are working properly. The results of this inspection are then explained to the customer.



Maintenance

Nohmi Bosai's maintenance services give customers extra safety assurance. We ensure that existing systems work properly. Also, we check the appropriateness of existing systems in the event of a change in the occupancy or installation conditions of a building.

Performance Analysis

The Nohmi Bosai Group's consolidated financial statements—based on generally accepted accounting standards in Japan and representing our financial status and operating results—are as shown below.

The fire protection industry market environment remains harsh, due to decreasing investment in the public sector and a decline in aggregate construction demand. Given this backdrop, the Nohmi Bosai Group's results by segment are as follows.

Although sales of residential alarms remained level, the sales of fire alarm systems, including those related to installation work, increased for both new and renovation projects. This brought net sales up 5.8% on a year-on-year basis to total ¥35,671 million.

Fire extinguishing systems saw a significant increase in sales of road tunnel fire protection equipment, along with increases in sales of fire extinguishing systems for ordinary buildings such as high-rise buildings and special facilities such as plants and factories. This yielded a substantial gain in net sales, with a 21.1% year-on-year increase, resulting in a total of ¥24,943 million.

Sales of maintenance, inspection and repair services rose slightly, bringing net sales up 1.7% from the last fiscal year to total ¥20,863 million.

In other areas, net sales of PCB assemblies plummeted and revenue from parking lot control systems also fell. As a result, net sales decreased 28.9% year on year to ¥3,470 million.

Consequently, net sales increased 6.6% or ¥5,241 million over last year's total, to reach ¥84,947 million.

Continuous efforts at reducing costs were successful in bringing the cost-of-sales ratio down to 71.5%.

Gross profit increased 9.8% year on year, to total ¥24,177 million and the gross profit margin experienced a 0.9 percentage point year-on-year rise to hit 28.5%.

Although sales, general and administrative expenses (SGA) increased ¥1,125 million due to growth in net sales, the SGA-to-net-sales ratio remained the same as last year's figure of 22.8%.

Consequently, operating income skyrocketed 27.0% year on year, to reach ¥4,829 million. Net income for the fiscal year also soared upward 38.1% from the previous fiscal year, to hit ¥2,854 million with net income per share at ¥47.26.

Assets, Liabilities and Net Assets

Total assets at the end of fiscal 2008 amounted to ¥81,249 million, up 4.9%, or ¥3,805 million year on year.

Total current assets at the end of fiscal 2008 were up 7.9% year on year, or ¥4,563 million, to total ¥62,510 million.

Investments and advances decreased by 15.0%, or ¥1,485 million, to ¥8,417 million. The main factor leading to the decline was the decrease in investments in and advances to unconsolidated subsidiaries and affiliates by ¥969 million.

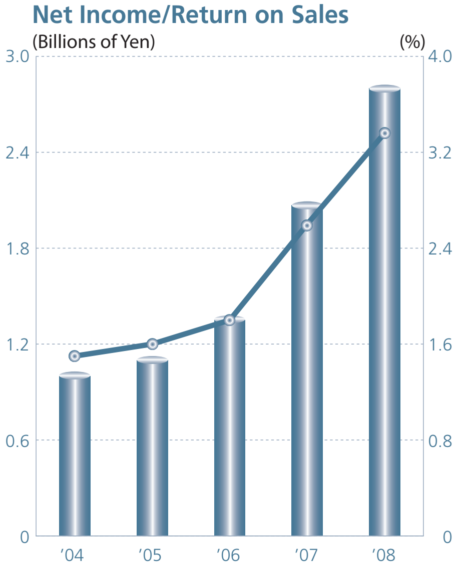
Property, plant and equipment increased by 6.5%, or ¥574 million, to reach ¥9,408 million. The main factor behind the increase was the ¥752 million increase in the cost of machinery and equipment.

Total current liabilities and fixed liabilities were up 3.7% year on year, or ¥1,132 million, to reach ¥31,930 million.

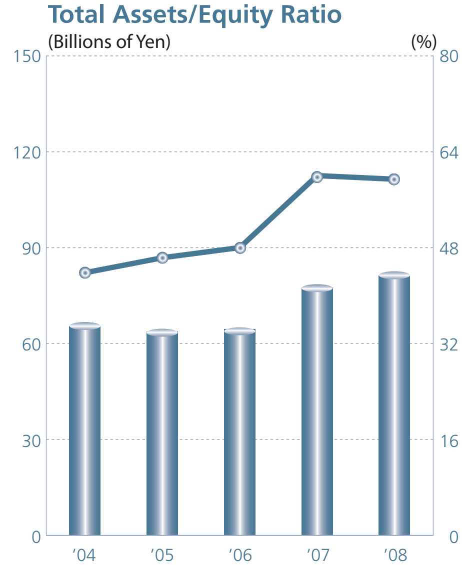
Interest-bearing debt totaled ¥20 million due to a 85.2%, or ¥115 million, year-on-year reduction in short-term loans.

Total net assets increased 5.7%, or ¥2,673 million from the last fiscal year, to total ¥49,319 million. The ratio dropped 0.6 percentage point from the previous year's 60.0% to reach 59.4%. The ¥798.86 price per share was up from its ¥769.92 price in fiscal 2007.

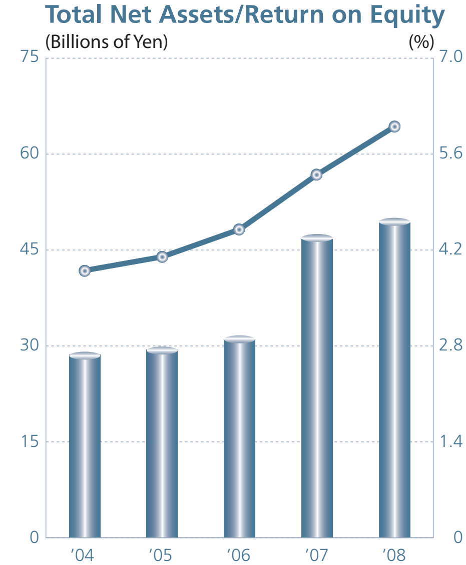
Net Income/Return on Sales



Total Assets/Equity Ratio



Total Net Assets/Return on Equity



Cash Flow

Net cash inflow from operating activities amounted to ¥5,734 million due primarily to ¥4,927 million in earnings before income taxes, a ¥1,009 million increase in depreciation costs, a ¥662 million increase in accrued bonuses and a ¥1,145 million decrease in receivables.

Net cash outflow from investment activities amounted to ¥1,832 million, owing primarily to moderate investments in fixed assets.

Net cash outflow from financing activities amounted to ¥732 million due mainly to dividend payments.

Cash and cash equivalents for fiscal 2008 showed a net increase of ¥3,159 million, bringing cash and cash equivalents at the end of the current fiscal year to ¥17,176 million. This amount has been temporarily posted as deposits and securities in preparation for future investments.

Outlook

Fiscal year 2008 marks the halfway point in our medium-term business plan, "Next Stage 21." We will move forward with plans of action that fully embody our underlying corporate mission, as we make every effort to achieve our goals.

We forecast sales to remain level for fiscal 2009, with the exception of a ¥2,500 million increase as a result of Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd., becoming a consolidated subsidiary. While the sales volume of residential fire alarms is expected to increase, profitability is likely to dip. The cost-of-sales ratio will deteriorate slightly in the face of an uncertain forecast of the economic climate. Sales, general and administrative expenses are likely to remain unchanged. As a result, operating income is expected to be at the same level as fiscal 2008. We expect slight increases in both ordinary profit and net income. Given this operating environment, we plan to terminate the special dividends paid at the end of the previous fiscal year, and pay an interim cash dividend of ¥5.00 and a year-end cash dividend of ¥5.00, for a total of ¥10.00 per share, as per usual.

Consolidated Statements of Income and Retained Earnings

Nohmi Bosai Ltd. and its Subsidiaries
For the years ended March 31, 2006, 2007 and 2008

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2006	2007	**2008**	**2008**
Net Sales	¥75,147	¥79,706	**¥84,947**	**$ 847,859**
Cost of Sales	55,532	57,681	**60,770**	**606,547**
Gross profit	19,615	22,025	**24,177**	**241,312**
Selling, General and Administrative Expenses	17,100	18,223	**19,348**	**193,114**
Operating income	2,515	3,802	**4,829**	**48,198**
Other Income (Expenses):				
Interest income	17	41	**94**	**938**
Interest expense	(80)	(68)	**(8)**	**(80)**
Dividend on insurance policies	0	45	**25**	**250**
Rental revenue	80	78	**77**	**769**
Loss on sale of short-term investments and investments in securities	(1)	—	**—**	**—**
Loss on sale/disposal of property and equipment	(46)	(61)	**(81)**	**(808)**
Amortization of difference between investment costs and equity in net assets acquired	4	10	**13**	**130**
Equity in earnings of affiliates	35	44	**115**	**1,148**
Provision for allowance for bad debts	(6)	—	**—**	**—**
Loss on write-off of memberships	(1)	—	**—**	**—**
Impairment loss on fixed assets (Notes 3 and 6)	(146)	(32)	**(122)**	**(1,218)**
Other, net	152	(12)	**(15)**	**(150)**
	7	45	**98**	**979**
Income before income taxes	2,522	3,847	**4,927**	**49,177**
Income Taxes:				
Current (Note 11)	1,405	1,823	**2,075**	**20,711**
Deferred (Note 11)	(254)	(49)	**(23)**	**(230)**
	1,151	1,774	**2,052**	**20,481**
Minority Interests in Consolidated Subsidiaries	(17)	(6)	**(21)**	**(210)**
Net income	1,354	¥2,067	**¥2,854**	**$28,486**
Retained Earnings:				
Balance at beginning of year	17,213			
Decrease:				
Cash dividends	(420)			
Directors' bonuses	(78)			
Balance at end of year	¥18,068			

	Yen			U.S. Dollars (Note 1)
Per Share (Note 2):				
Net income—primary	¥30.35	¥43.44	**¥47.26**	**$ 0.47**
—fully diluted	—	—	**—**	**—**
Cash dividends	10.00	10.00	**13.00**	**0.13**
Weighted Average Number of Shares Issued (in thousands)	41,937	47,595	**60,390**	**—**

The accompanying notes are an integral part of the statements.

Consolidated Balance Sheets

Nohmi Bosai Ltd. and its Subsidiaries
As of March 31, 2007 and 2008

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2008	2008
Current Assets:			
Cash in hand and in banks	¥12,216	¥16,078	$160,475
Short-term investments (Note 5)	2,000	2,000	19,962
Trade receivables:			
Notes	8,179	6,745	67,322
Accounts	20,560	21,627	215,860
Unconsolidated subsidiaries and affiliates	232	151	1,507
	28,971	28,523	284,689
Less: Allowance for bad debts	(376)	(313)	(3,124)
	28,595	28,210	281,565
Inventories (Note 7)	13,116	13,764	137,379
Deferred tax assets (Note 11)	1,504	1,838	18,345
Prepaid expenses and other current assets	516	620	6,189
Total current assets	57,947	62,510	623,915
Investments and Advances:			
Investments in securities (Note 5)	2,732	1,859	18,555
Investments in and advances to unconsolidated subsidiaries and affiliates	2,428	1,459	14,562
Loans to employees	138	110	1,098
Long-term receivables	30	30	299
Deferred tax assets (Note 11)	2,161	2,198	21,938
Other investments and advances	2,609	2,918	29,125
	10,098	8,574	85,577
Less: Allowance for bad debts	(196)	(157)	(1,567)
Total investments and advances	9,902	8,417	84,010
Property, Plant and Equipment:			
Buildings and structures	8,344	8,254	82,383
Machinery and equipment	1,993	2,745	27,398
Tools and furniture	5,586	6,112	61,004
	15,923	17,111	170,785
Less: Accumulated depreciation	(10,555)	(11,382)	(113,604)
	5,368	5,729	57,181
Construction in progress	33	230	2,296
Land	3,433	3,449	34,425
	8,834	9,408	93,902
Intangibles	761	914	9,122
Total assets	¥77,444	¥81,249	$810,949

The accompanying notes are an integral part of the statements.

LIABILITIES AND NET ASSETS

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2008	2008
Current Liabilities:			
Short-term debt (Note 8)	¥ 135	¥ 20	$ 200
Trade payables:			
Notes	2,798	3,243	32,368
Accounts	4,857	5,123	51,133
Unconsolidated subsidiaries and affiliates	2,131	2,222	22,178
	9,786	10,588	105,679
Non-trade accounts payable	4,629	4,683	46,741
Advances received on uncompleted construction contracts	3,303	3,101	30,951
Accrued bonuses to employees	2,262	2,943	29,374
Accrued warranty costs	54	58	579
Income taxes payable (Note 11)	1,914	1,940	19,363
Other current liabilities	1,476	1,729	17,258
Total current liabilities	23,559	25,062	250,145
Long-term Liabilities:			
Long-term debt (Note 8)	353	357	3,563
Accrued retirement benefits (Note 9)	6,294	5,860	58,489
Directors' and corporate auditors' retirement benefits	528	595	5,939
Other long-term liabilities	28	21	209
Difference between investment costs and equity in net assets acquired	36	35	349
Total long-term liabilities	7,239	6,868	68,549
Contingent liabilities (Note 12)			
Net Assets (Note 13)			
Common stock;			
Authorized: 160,000,000 shares at March 31, 2007 and 2008			
Issued: 60,832,771 shares at March 31, 2007 and 2008	13,302	13,302	132,768
Capital surplus	12,744	12,745	127,208
Retained earnings	19,634	21,883	218,415
Less treasury stock, at cost			
435,203 shares and 448,014 shares at March 31, 2007 and 2008	(204)	(214)	(2,136)
Unrealized gains on securities, net of taxes	845	321	3,204
Foreign currency translation adjustments	181	203	2,026
Minority interests	144	1,079	10,770
Total net assets	46,646	49,319	492,255
	¥77,444	¥81,249	$810,949

The accompanying notes are an integral part of the statements.

Consolidated Statements of Changes in Net Assets

Nohmi Bosai Ltd. and its Subsidiaries
For the years ended March 31, 2007 and 2008

	Thousands	Millions of Yen							
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Foreign currency translation adjustments	Minority interests	Total
Shareholders' equity at March 31, 2006 as previously reported	42,332	6,272	5,714	18,069	(194)	936	141	—	30,938
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006								144	144
Net assets at April 1, 2006	42,332	6,272	5,714	18,069	(194)	936	141	144	31,082
New issue of stocks	18,500	7,030	7,030						14,060
Net income				2,067					2,067
Cash dividends paid				(420)					(420)
Directors' and corporate auditors' bonuses				(82)					(82)
Acquisition of treasury stock					(10)				(10)
Gain on sales of treasury stock			0		0				0
Net changes during the year						(91)	40	0	(51)
Balance at March 31, 2007	60,832	13,302	12,744	19,634	(204)	845	181	144	46,646
Net income				2,854					2,854
Cash dividends paid				(605)					(605)
Acquisition of treasury stock					(11)				(11)
Gain on sales of treasury stock			1		1				2
Net changes during the year						(524)	22	935	433
Balance at March 31, 2008	60,832	13,302	12,745	21,883	(214)	321	203	1,079	49,319

	Thousands of U.S. Dollars (Note 1)							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains on securities, net of taxes	Foreign currency translation adjustments	Minority interests	Total
Balance at March 31, 2007	132,768	127,198	195,968	(2,036)	8,434	1,807	1,437	465,576
Net income			28,486					28,486
Cash dividends paid			(6,039)					(6,039)
Acquisition of treasury stock				(110)				(110)
Gain on sales of treasury stock		10		10				20
Net changes during the year					(5,230)	219	9,333	4,322
Balance at March 31, 2008	132,768	127,208	218,415	(2,136)	3,204	2,026	10,770	492,255

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

Nohmi Bosai Ltd. and its Subsidiaries
For the years ended March 31, 2006, 2007 and 2008

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2006	2007	2008	2008
Cash Flows from Operating Activities:				
Income before income taxes	¥ 2,522	¥ 3,847	¥ 4,927	$49,177
Adjustments for:				
Depreciation and amortization	888	899	1,009	10,071
Impairment loss	146	32	122	1,218
Amortization of difference between investment costs and equity in net assets acquired	(4)	(10)	(13)	(130)
Decrease in allowance for bad debts	(93)	(55)	(177)	(1,767)
Decrease in accrued retirement benefits	(119)	(635)	(368)	(3,673)
Increase in accrued bonuses	33	690	662	6,607
Increase (decrease) in accrued warranty costs	7	(4)	4	40
Interest and dividend income	(44)	(70)	(130)	(1,298)
Interest expenses	80	68	8	80
Equity in earnings of affiliates	(35)	(44)	(115)	(1,148)
Loss on sales/disposal of property, plant and equipment	46	61	81	808
Gain on sales of investments in securities	(107)	—	—	—
Decrease (increase) in receivables	(1,018)	(5,039)	1,145	11,428
Decrease (increase) in inventories	757	(2,365)	161	1,607
Increase (decrease) in payables	(400)	1,698	384	3,833
Increase (decrease) in advance received on uncompleted construction contracts	(225)	1,036	(202)	(2,016)
Directors' bonuses paid	(80)	(84)	—	—
Other, net	194	419	172	1,718
Subtotal	2,545	444	7,670	76,555
Interest and dividend income received	52	72	133	1,327
Interest expenses paid	(80)	(79)	(7)	(70)
Income taxes paid	(1,340)	(1,275)	(2,062)	(20,581)
Net cash provided by (used in) operating activities	1,177	(838)	5,734	57,231
Cash Flows from Investing Activities:				
Decrease (increase) in time deposits	(5)	11	(311)	(3,104)
Payments for purchase of property, plant and equipment	(678)	(963)	(1,201)	(11,987)
Proceeds from sales of property, plant and equipment	52	7	0	0
Payments for purchase of investments in securities	(56)	(56)	(16)	(160)
Proceeds from sales of investments in securities	134	1	12	120
Proceeds from purchases of subsidiaries, net of cash paid	—	—	14	140
Increase of loans receivable	(57)	(26)	(35)	(349)
Decrease of loans receivable	129	146	92	918
Other, net	(159)	29	(387)	(3,863)
Net cash used in investing activities	(640)	(851)	(1,832)	(18,285)
Cash Flows from Financing Activities:				
Decrease in short-term debt	(230)	(145)	(115)	(1,148)
Repayments of bonds	—	(6,000)	—	—
Proceeds from issuance of stock	—	14,060	—	—
Cash dividends paid	(420)	(420)	(605)	(6,038)
Cash dividends paid to minority stockholders	(8)	(3)	(3)	(30)
Payments for purchase of treasury stock	(12)	(10)	(9)	(90)
Net cash provided by (used in) financing activities	(671)	7,482	(732)	(7,306)
Effect of exchange rate changes on cash and cash equivalents	—	—	(11)	(110)
Net increase (decrease) in cash and cash equivalents	(134)	5,793	3,159	31,530
Cash and cash equivalents at beginning of year	8,359	8,224	14,017	139,904
Cash and cash equivalents at end of year (Note 4)	¥ 8,224	¥14,017	¥17,176	$ 171,434

The accompanying notes are an integral part of the statements.

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of Nohmi Bosai Ltd. (the "Company") and its consolidated subsidiaries (the "Companies") have been prepared in accordance with the provisions set forth in the Financial Instruments 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 from International Financial Reporting Standards.

The accounts of the Company's overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure including changes in retained earnings of the consolidated statement of income and retained earnings for 2006) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The consolidated balance sheet as of March 31, 2007, which has been prepared in accordance with the new accounting standard as discussed in Note 3 (2), is presented with the consolidated balance sheet as of March 31, 2006 prepared in accordance with the previous presentation rules.

Also, as discussed in Note 3 (3), the consolidated statement of changes in net assets for the year ended March 31, 2007 has been prepared in accordance with the new accounting standard.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which was ¥100.19 to U.S. $1. The convenience translation should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Scope of Consolidation and Elimination

The Company had 28 subsidiaries at March 31, 2008 (26 at March 31, 2007). The consolidated financial statements include the accounts of the Company and 23 subsidiaries at March 31, 2008 (21 at March 31, 2007).

The 23 major subsidiaries which have been consolidated with the Company are listed as follows:

	Equity ownership percentage
Nohmi Setsubi Co., Ltd.	100.0%
Ichibou Co., Ltd.	73.2%
Fukuoka Nohmi Co., Ltd.	100.0%
Chiyoda Service Co., Ltd.	70.0%
Bosai Engineering Co., Ltd.	100.0%
Nohmi System Co., Ltd.	100.0%
Iwate Nohmi Co., Ltd.	100.0%
Tohoku Bosai Plant Co., Ltd.	100.0%
Aomori Nohmi Co., Ltd.	100.0%
Osaka Nohmi Co., Ltd.	100.0%
NISSIN BOHSAI Co., Ltd.	100.0%
Chiba Nohmi Co., Ltd.	100.0%
Shikoku Nohmi Co., Ltd.	100.0%
Nohmi Techno Engineering Co., Ltd.	100.0%
Akita Nohmi Co., Ltd.	100.0%
Kyushu Nohmi Engineering Co., Ltd.	100.0%
Fukushima Nohmi Co., Ltd.	100.0%
Tohoku Nohmi Co., Ltd.	100.0%
Nohmi Plant Niigata Co., Ltd.	100.0%
Hokkaido Nohmi Co., Ltd.	100.0%
Yashima Bosai Setsubi Co., Ltd.	72.3%
Nohmi Taiwan Ltd.	52.0%
Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	60.0%

Nohmi Taiwan Ltd. and Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. became consolidated subsidiaries from equity method affiliates in the current fiscal year, and thus are included in the scope of consolidation.

The accounts of the remaining 5 unconsolidated subsidiaries had insignificant amounts of total assets, net sales, net income and retained earnings and therefore have been excluded from consolidation.

(2) Elimination of Intercompany Accounts

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been entirely eliminated, and the portion attributable to minority interests is charged/credited to"Minority interests."

The assets and liabilities of consolidated subsidiaries are incorporated into the financial statements at fair value and the difference between net assets at fair value and investment amount are amortized over a five-year period on a straight-line basis.

(3) Investments in Unconsolidated Subsidiaries and Affiliates

At March 31, 2008, the Company had 4 affiliates (5 for 2007). Investments in unconsolidated subsidiaries and affiliates are generally accounted for by the equity method, by which such investments are carried at cost and are adjusted for equity in the unconsolidated earnings (deficit). The Company's net income includes its equity in the net income (loss) of the unconsolidated subsidiaries and affiliates after cash dividends received and elimination of intercompany profits.

The equity method is applied to the investments in 1 affiliate in the consolidated financial statements.

However, the remaining 5 subsidiaries and 3 affiliates do not have a material effect on"Net income (loss)" or"Retained Earnings" in the consolidated financial statements. Accordingly the investments in the unconsolidated 5 subsidiaries and 3 affiliates are carried at cost.

(4) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent minor risk of fluctuations in value.

(5) Inventories

Inventories are stated at cost determined by the following methods according to inventory item:

Products and raw materials…….Average cost method

Work in progress and cost of construction contracts in progress

…….Individually identified cost method

(6) Financial Instruments

Securities

Securities held by the Company and its subsidiaries are, in accordance with Japanese Accounting Standards, classified into four categories;

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise.

Held-to-maturity debt securities, that the Company and its subsidiaries intend to hold to maturity, are stated at cost after accounting for premium or discount on acquisition, which is amortized over the period to maturity.

Investments of the Company in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for by the equity method.

Other securities for which market quotations are available are stated at fair value. If fair value not available, other securities are stated at moving average cost.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Depreciation is computed using the straight-line method, over the estimated useful lives of the assets as prescribed by Japanese corporate income tax laws.

Effective from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed their depreciation method for tangible fixed assets acquired on or after April 1, 2007 in accordance with the revision of Japanese Corporate Tax Law (Partial Revision of Income Tax Law, Law No. 6 of March 30, 2007; Partial Revision of Income Tax Law Enforcement Ordinance, Cabinet Order No. 83 of March 30, 2007). The effect of this change on the consolidated operating income and income before income taxes for the year ended March 31, 2008 was immaterial.

Pursuant to an amendment to the Japanese Corporate Tax Law, effective from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries depreciate the difference between the original residual value of 5% of acquisition cost of assets acquired before April 1, 2007 and the new residual value of 1 yen (memorandum value) by the straight-line method over 5 years commencing from the fiscal year following the year in which the asset becomes fully depreciated to the original residual value. Depreciated amounts are included in depreciation expenses. As a result this change, operating income declined ¥60 million ($599 thousand) , and income before income taxes declined ¥61million ($609 thousand) for the year ended March 31, 2008.

(8) Amortization

With respect to intangible fixed assets, amortization of software is computed using the straight-line method over the expected useful life of the software (5 years).

Amortization of intangible fixed assets and deferred charges other than software is computed using the straight-line method in accordance with Japanese income tax laws.

(9) Allowance for Bad Debts

In Accordance with Japanese Accounting Standards for Financial Instruments, future credit losses on receivables are estimated by the following classification of receivables:

Receivables from debtors who are not in serious financial difficulty are called "normal receivables." The allowance for doubtful accounts against normal receivables is estimated by applying the historical credit loss rates, on another appropriate basis, or on a disaggregated basis by category of similar receivable.

Receivables from debtors who have not gone into bankruptcy, but who are or probably would be in serious financial difficulty if they had to repay debts are called "doubtful receivables." The allowance for doubtful accounts against these doubtful receivables is estimated by first deducting future cash inflows to be generated from foreclosure or guarantors from the recorded receivable amount, and then considering the debtor's financial condition and operating results to determine the remaining amount.

Receivables from debtors who have either gone into bankruptcy or are substantially insolvent are called "failed receivables." The allowance for doubtful accounts against failed receivables and other similar receivables is estimated as the recorded receivables amount less cash inflows from foreclosures or guarantors.

(10) Accrued Warranty Costs

Accrued warranty costs have been provided by the Company and its consolidated subsidiaries for the cost of warranties on completed construction contracts estimated to be incurred subsequent to year-end dates. In estimating the accrued costs of warranties, the formula prescribed by the Japanese corporate income tax laws is applied, primarily based on past experience.

(11) Accounting for Leases

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases; leases that do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles generally accepted in Japan.

(12) Income Taxes

Income taxes consist of corporation, enterprise and inhabitant taxes.

In accordance with accounting standards for deferred taxes, the Company and its consolidated subsidiaries adopted the deferred tax assets and liability approach which is used to recognize deferred tax assets.

(13) Accrued Retirement Benefits

In accordance with Japanese Accounting Standards for Accrued Retirement Benefits, accrued retirement benefits represent the estimated present value of projected benefit obligations in excess of fair value of the plan assets.

Any unrecognized actuarial differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise. Unrecognized prior service cost is fully recognized in the fiscal year in which it arises.

(14) Directors' and Corporate Auditors' retirement benefits

Retirement benefits for directors and corporate auditors are provided for at an amount based upon internal rules at the balance sheet date.

(15) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(16) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing on the respective balance sheet dates, and resulting exchange gains or losses are included in net income or loss for the period.

Assets and liabilities, and revenues and expenses of overseas consolidated subsidiaries are translated into Japanese yen at the rate of exchange as of the balance sheet date, and a comprehensive adjustment resulting from translation is presented as "Foreign currency translation adjustments" and "Minority interests" in a component of net assets.

(17) Net Income and Dividends per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year. Net income per share adjusted for dilution is computed on the assumption of full conversion of all convertible bonds of the Company outstanding, with a related reduction in interest expenses. Cash dividends per share shown for each period in the accompanying consolidated statements of income, represent dividends declared as applicable to the respective periods.

(18) Reclassification

Certain reclassifications of previously reported data have been made to conform with current classifications.

3. Accounting Change

(1) Adoption of Accounting Standard for Impairment of Fixed Assets.

The Company and its consolidated subsidiaries were adopted a new accounting standard for impairment loss on fixed assets, which had effect of decreasing income before income taxes by ¥146 million for the period ended March 31, 2006. Accumulated impairment losses on fixed assets are included in "accumulated depreciation" on the consolidated balance sheets.

(2) Accounting Standards for Presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, "the New Accounting Standards").

The consolidated balance sheet as of March 31, 2007 prepared in accordance with the New Accounting Standards comprises three sections, which are the assets, liabilities and net assets sections. The consolidated balance sheet as of March 31, 2006 prepared pursuant to the previous presentation rules comprises the assets, liabilities, minority interests and shareholders' equity sections.

The adoption of the New Accounting Standards had no impact on the consolidated statement of income for the year ended March 31, 2007. Also, if the New Accounting Standards had not been adopted at March 31, 2007, the stockholders' equity amounting to ¥46,501 million would have been presented.

(3) Accounting Standard for Statement of Changes in Net Assets

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Statement of Changes in Net Assets" (Statement No. 6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the Accounting Standards Board of Japan on December 27, 2005), (collectively, "the Additional New Accounting Standards").

The Company prepared the accompanying consolidated statement of changes in net assets for the year ended March 31, 2007 in accordance with the Additional New Accounting Standards.

4. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	2008	2008
Cash and bank deposits	¥8,434	¥12,216	¥16,078	$160,475
Short-term investments	—	2,000	2,000	19,962
Total	8,434	14,216	18,078	180,437
Time deposits with deposit terms of over three months	(210)	(199)	(902)	(9,003)
Cash and cash equivalents	¥8,224	¥14,017	¥17,176	$171,434

5. Securities

The following tables summarize the acquisition costs, book values and fair values of securities with available fair values as of March 31, 2007 and 2008.

Available for sale securities

Securities with book value exceeding acquisition costs

	Millions of Yen		
	2007		
	Acquisition Cost	Book Value	Difference
Equity securities	¥923	¥2,347	¥1,424

	Millions of Yen		
	2008		
	Acquisition Cost	Book Value	Difference
Equity securities	¥679	¥1,358	¥679

	Thousands of U.S. Dollars		
	2008		
	Acquisition Cost	Book Value	Difference
Equity securities	$6,777	$13,554	$6,777

Securities with book value not exceeding acquisition cost

	Millions of Yen		
	2007		
	Acquisition Cost	Book Value	Difference
Equity securities	¥276	¥249	¥ (27)

	Millions of Yen		
	2008		
	Acquisition Cost	Book Value	Difference
Equity securities	¥526	¥377	¥ (149)

	Thousands of U.S. Dollars		
	2008		
	Acquisition Cost	Book Value	Difference
Equity securities	$5,250	$3,763	$1,487

The following tables summarize book value of securities with no available fair market values as of March 31, 2007 and 2008.

Available for sale securities

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Non-listed equity securities	¥ 136	¥ 125	$ 1,248
Negotiable certificate of deposit	2,000	2,000	19,962
	¥2,136	¥2,125	$21,210

Available for sale securities with maturities and held-to-maturity debt securities are as follows

	Millions of Yen	
	2007	
	Within 1 year	Over 1 year but within 5 years
Negotiable certificate of deposit	¥2,000	¥ —

	Millions of Yen	
	2008	
	Within 1 year	Over 1 year but within 5 years
Negotiable certificate of deposit	¥2,000	¥ —

	Thousands of U.S. Dollars	
	2008	
	Within 1 year	Over 1 year but within 5 years
Negotiable certificate of deposit	$19,962	$ —

6. Impairment Loss on Fixed Assets

The Company and its consolidated subsidiaries have recognized impairment loss of ¥146 million, for the following group of assets as of March 31, 2006.

Location	Use	Category
Osaka Prefecture Suita City, Chiyoda Ward, Tokyo	For business	Land, Buildings and structures, Other
Hiroshima Prefecture Hatsukaichi City, Sumida Ward, Tokyo	For lease	Land, Buildings and structures, Other

The Company and its consolidated subsidiaries assessed impairment of each group of assets, which are grouped on the basis of managerial accounting and investment decision-making purposes.

Due to the decline in real estate value and poor performance of assets, operating profitability has worsened substantially. Therefore, the Company and its consolidated subsidiaries have decided to mark the assets down to the recoverable value, and accrued impairment loss of ¥146 million, which comprises of land ¥39 million, buildings and structures ¥70 million, and others ¥ 35million.

The recoverable value is determined as the higher of the net selling value and the value in use. The net selling value is based on appraisal provided by professional real estate assessors, and the value in use is calculated as future cash flow discounted mostly by 3.7%.

The Company and its consolidated subsidiaries have recognized impairment loss of ¥32 million, for the following group of assets as of March 31, 2007.

Location	Use	Category
Shiga factory (Shiga prefecture, Konan city)	For business	Buildings and structures, Other

The Company and its consolidated subsidiaries assessed impairment of each group of assets, which are grouped on the basis of managerial accounting and investment decision-making purposes.

The Shiga plant was set to be closed in the next consolidated fiscal year due to its low profitability caused by fierce competition in the domestic market. The collectability was not realized.

So the full amount of book value as of the end of the current consolidated fiscal year was recorded as ¥32 million of impairment loss, which included ¥32 million of buildings and others.

The Company and its consolidated subsidiaries have recognized impairment loss of ¥122 million ($1,218 thousand), for the following group of assets as of March 31, 2008.

Location	Use	Category
Menuma factory (Saitama Prefecture Kumagaya City)	For business	Buildings and structures, Other
Hyogo Prefecture Kobe City	For lease	Land, Buildings and structures, Other

The Company and its consolidated subsidiaries assessed impairment of each group of assets, which are grouped on the basis of managerial accounting and investment decision-making purposes.

The Company recognized impairment losses amounting to ¥107 million ($1,068 thousand) on the assets for businesses, as the Company planned to dispose a part of existing equipment in accordance with the production base restructuring plan of the factory, which is for the purpose of maintaining the quality of products and competitiveness on the productivity. Items included in the amount of impairment losses on buildings amounted to ¥106 million ($1,058 thousand) and others amounted to ¥1 million ($10 thousand). Collectible amount is measured by net sale value and calculated on the disposable value.

The Company recognized impairment losses amounted to ¥15 million ($150 thousand) on the assets for rentals because of the continuous decreases of the land prices. Items included in the amount of impairment losses on buildings amounted to ¥9 million ($90 thousand) and land amounted to ¥6 million ($60 thousand). Collectible amount is measured based on the usable value and calculated based on the discounted future cash flow by 5.6%.

7. Inventories

Inventories consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Products	¥ 2,249	¥ 2,161	$ 21,569
Raw materials	2,783	3,792	37,848
Work in progress	1,009	949	9,472
Cost of construction contracts in progress	7,075	6,862	68,490
	¥13,116	¥13,764	$137,379

8. Short-term Debt and Long-term Debt

Short-term debts at March 31, 2008, bore interest at annual rates 1.875% and were represented generally by bank overdrafts, and short-term notes maturing at various dates within one year.

It is the normal business custom in Japan for short-term borrowings to be rolled over each year.

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

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Guarantee deposits received	¥353	¥357	$3,563
Total long-term debt	¥353	¥357	$3,563

9. Accrued Retirement Benefits and Pension Plan

The composition of amounts recognized in the consolidated balance sheets at March 31, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Benefit obligations at end of year	¥(11,649)	¥(11,197)	$(111,758)
Fair value of plan assets at end of year	4,857	4,825	48,158
Funded status	(6,792)	(6,372)	(63,600)
Unrecognized actuarial losses	498	815	8,135
Net amount recognized	(6,294)	(5,557)	(55,465)
Prepaid pension expenses	—	303	3,024
Accrued retirement benefits	¥(6,294)	¥ (5,860)	$ (58,489)

The components of net pension and employees' severance costs for the years ended March 31, 2006, 2007, and 2008 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	2008	2008
Service costs	¥510	¥546	¥649	$ 6,478
Interest costs	252	258	272	2,715
Expected return on plan assets	(63)	(85)	(109)	(1,088)
Recognized actuarial loss	104	69	97	968
Extra severance costs	10	17	16	160
Net periodic benefit costs	¥815	¥805	¥925	$ 9,233

Assumptions used as of March 31, 2007 and 2008, were as follows:

	2007	2008
Discount rate	2.5%	2.5%
Expected rate of return on plan assets	2.5%	2.5%

10. Accounting for Leases

The Companies have various lease agreements whereby the Companies act as both lessee and lessor. The Companies' finance lease contracts are not deemed to transfer the ownership of the leased assets. Certain key information on such lease contracts of the Companies for the years ended March 31, 2007 and 2008 were as follows:

As a lessee:

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, including the portion of interest thereon, was summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Machinery and equipment	¥ 13	¥ 17	$ 170
Tools and furniture	139	106	1,058
Others	19	19	189
	171	142	$1,417
Less: Accumulated depreciation	(118)	(93)	(928)
Net book value	¥ 53	¥ 49	$ 489
Depreciation	¥ 24	¥ 25	$ 250

Depreciation is based on the straight-line method over the lease term of the leased assets assuming no residual value.

The scheduled maturities of future lease rental payments on such lease contracts as of March 31, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Due within one year	¥19	¥ 22	$ 220
Due over one year	34	27	269
	¥53	¥ 49	$ 489
Lease rental expenses for the year	¥25	¥ 25	$ 250

As lessor:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Leased tools and furniture:			
Purchase cost	¥ 172	¥ 117	$ 1,168
Accumulated depreciation	(148)	(100)	(998)
Net book value	¥ 24	¥ 17	$ 170

The scheduled maturities of future lease rental income on such lease contracts as of March 31, 2007 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Due within one year	¥ 37	¥ 31	$ 309
Due over one year	131	92	918
	¥ 168	¥123	$1,227
Lease rental revenue for the year	45	¥ 32	$ 319
Depreciation for the year	¥ 3	¥ 3	$ 30

11. Income Taxes

At March 31, 2007 and 2008 significant components of deferred tax and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2008	2008
Deferred tax assets:			
Accrued employees retirement benefits	¥ 2,547	¥ 2,258	$ 22,537
Accrued bonuses	922	1,189	11,867
Directors' retirement allowance	215	242	2,415
Accrued enterprise taxes	178	198	1,976
Loss on write-off of property and equipment	167	164	1,637
Allowance for bad debts	160	108	1,078
Accrued legal welfare expense	111	124	1,238
Allowance for losses on construction contracts	83	114	1,138
Other	266	341	3,404
Subtotal	4,649	4,738	47,290
Valuation allowance	(345)	(418)	(4,172)
Total	¥ 4,304	¥ 4,320	$ 43,118
Deferred tax liabilities:			
Unrealized gains on securities	¥ (569)	¥ (216)	$ (2,156)
Other	(70)	(68)	(679)
Total	¥ (639)	¥ (284)	$ (2,835)
Net deferred tax assets	¥ 3,665	¥ 4,036	$ 40,283

Income tax applicable to the Company and its domestic subsidiaries consist of corporation, inhabitants' and enterprise taxes. The statutory income tax rate is approximately 40.7% for the years ended March 31, 2007 and 2008.

A reconciliation of the statutory tax rate and the effective tax rate as a percentage of income before income taxes for the years ended March 31, 2007 and 2008 was follows:

	2007
Statutory tax rate	40.7%
Adjustments:	
Entertainment expenses and other non-deductible expenses	3.3
Dividend income non-taxable	(0.1)
Per capital levy of local resident income taxes	2.1
Other factors	0.1
Effective tax rate	46.1%

The difference between the statutory tax rate and effective tax rate for the fiscal year ended March 31, 2008 is less than 5%, a reconciliation of these two rates is not presented.

12. Contingent Liabilities

The Company and its consolidated subsidiaries were contingently liable for trade notes endorsed for payment to third parties in the ordinary course of business in the amount ¥103 million ($1,028 thousand) and performance guarantees made for unconsolidated subsidiary of ¥9 million ($90 thousand) at March 31,2008.

13. Net Assets

The Japanese Corporate Law (the "Law") became effective on May 1, 2006, replacing the Japanese Commercial Code (the "Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 27, 2008, the shareholders approved cash dividends amounting to ¥484 million ($4,831 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2008. Such appropriations are recognized in the period in which they are approved by the shareholders.

14. Segment Information

The Company and its consolidated subsidiaries operate principally in the following four industrial segments:

Fire alarm systems	fire alarms and bells; heat, smoke and gas detectors
Fire extinguishing systems	sprinklers and fire extinguishers
Maintenance services	maintenance and inspection services
Others	construction and maintenance of parking spaces and sales of other products

The sales of the consolidated subsidiaries located in countries or regions other than Japan are not presented due to their insignificant effect.

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	2008	2008
Net sales:				
Fire alarm systems	¥28,192	¥33,722	¥35,671	$356,034
Fire extinguishing systems	21,335	20,600	24,943	248,957
Maintenance services	19,795	20,505	20,863	208,234
Others	5,824	4,879	3,470	34,634
	¥75,147	¥79,706	¥84,947	$847,859
Operating expenses:				
Fire alarm systems	¥25,787	¥29,855	¥31,281	$312,217
Fire extinguishing systems	20,994	19,804	23,727	236,820
Maintenance services	16,011	16,806	17,250	172,173
Others	5,706	4,551	3,167	31,610
	¥68,500	¥71,016	¥75,425	$752,820
Operating income before unallocatable costs	¥6,647	¥8,690	¥9,522	$95,039
Less:				
Unallocatable operating expenses and eliminations	(4,132)	(4,888)	(4,693)	(46,841)
Operating income	¥2,515	¥3,802	¥ 4,829	$ 48,198
Total assets:				
Fire alarm systems	¥24,127	¥28,392	¥32,244	$ 321,829
Fire extinguishing systems	16,241	18,730	17,890	178,561
Maintenance services	7,416	9,021	8,604	85,877
Others	1,622	1,948	2,133	21,289
	49,408	58,091	60,871	607,556
Unallocatable or headquarters	15,024	19,353	20,378	203,393
	¥64,432	¥77,444	¥81,249	$ 810,949

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	2008	2008
Depreciation:				
Fire alarm systems	¥392	¥400	¥478	$ 4,771
Fire extinguishing systems	106	100	116	1,158
Maintenance services	82	82	85	848
Others	18	18	19	190
	599	600	698	6,967
Unallocatable or headquarters	288	299	311	3,104
	¥888	¥899	¥1,009	$ 10,071

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	2008	2008
Impairment loss:				
Fire alarm systems	¥58	¥ —	¥ 93	$ 928
Fire extinguishing systems	20	—	9	90
Maintenance services	35	—	—	—
Others	—	—	5	50
	113	—	107	1,068
Unallocatable or headquarters	32	—	15	150
	¥146	¥ —	¥122	$ 1,218

	Millions of Yen			Thousands of U.S. Dollars
	2006	2007	2008	2008
Capital expenditure:				
Fire alarm systems	¥410	¥490	¥785	$ 7,835
Fire extinguishing systems	85	105	175	1,747
Maintenance services	90	74	78	779
Others	23	31	38	379
	610	700	1,076	10,740
Unallocatable or headquarters	258	314	335	3,343
	¥868	¥1,014	¥1,411	$14,083

15. Related Party Information

Material transactions of the Company with related companies and individuals, excluding transactions with consolidated subsidiaries, which are eliminated in the consolidated financial statements, and other than those disclosed elsewhere in these financial statements, for the three years ended March 31, 2008, were as follows:

	As of March 31, 2008				Millions of Yen/Thousands of U.S. Dollars				
					Volume of transactions made in the year ended March 31			Resulting account balances as at March 31	
Name of related company	Paid in capital	Principal business	Equity ownership percentage by the Company	Description of the Company's transactions	2006	2007	2008	2007	2008
SECOM Incorporated	¥66,378 million	Security service	50.9%(*)	Sale of products	¥2,313	¥2,899	¥2,707 ($27,019)	Trade receivables ¥197	Trade receivables ¥ 403 ($4,022)
				Issued new shares through third-party stock allocation	¥—	¥14,060	¥—		
KOATSU Co., Ltd.	¥60 million	Fire extinguishing systems	20.8%	Purchase of raw materials	¥3,850	¥4,486	¥4,503 ($44,945)	Trade payables ¥2,077	Trade payables ¥2,153 ($21,489)

(*) The Company is a subsidiary of SECOM Incorporated.

The terms and conditions of the above transactions are the same as those of arm's-length transactions.

Independent Auditors' Report

To the Shareholders and Board of Directors of
Nohmi Bosai Ltd.:

We have audited the accompanying consolidated balance sheets of Nohmi Bosai Ltd. and consolidated subsidiaries as of March 31, 2007 and 2008, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended, 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 consolidated financial statements based on our audits. The consolidated financial statements of Nohmi Bosai Ltd. and consolidated subsidiaries for the year ended March 31, 2006 was audited by the other auditors whose report, dated June 29, 2006, expressed an unqualified opinion on those statements.

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 Nohmi Bosai Ltd. and subsidiaries as of March 31, 2007 and 2008, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 27, 2008

Board of Directors and Corporate Auditors

(As of June 27, 2008)

Director/Corporate Counselor
Shoichi Kimura

Chairman
Tadashi Tanoue*

President
Takeshi Hashizume*

Senior Managing Director
Yushi Tayama

Managing Directors
Yukimasa Tachibana
Jun Uchiyama
Kazuo Kajita
Toshiyuki Mori

Directors
Koukei Higuchi†
Syuji Maeda†
Tsuneo Komatsuzaki
Michio Takeda
Makoto Sawano
Hajime Arai
Kiyotaka Fujii
Yoshinori Soda
Akira Igarashi
Hiroaki Ishii
Tatsunori Ito

Standing Corporate Auditors
Hiroshi Shiina
Shojiro Nohmi

Corporate Auditors
Takashi Yamashita
Tojiro Ishii
Mitsunori Shirakura

*Representative Director
†External

Investor Information

(As of June 27, 2008)

Fiscal Year
Ending March 31

Annual Stockholders' Meeting
The annual meeting of the Company's stockholders is normally held in June of each year in Tokyo, Japan.

Stock Exchange Listing
First Section, Tokyo Stock Exchange

Transfer Agent
Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama 4-chome,
Chuo-ku, Osaka 541-0041, Japan

Paid-in Capital
¥13,302,282,161

Number of Shares Issued
60,832,771

Distribution of Stockholders and Shares

	Number of Stockholders	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
Japanese national and regional governmental bodies	0	0	0.00
Japanese financial institutions	44	8,273	13.68
Japanese securities companies	28	187	0.31
Other Japanese corporations	212	35,363	58.46
Japanese individuals and others	3,303	14,040	23.21
Foreign institutions and individuals	55	2,298	3.80
Treasury stocks	1	324	0.54
Total	3,643	60,485	100.00

NOHMI

• HEAD OFFICE: 7-3, Kudan-Minami 4-chome, Chiyoda-ku, Tokyo 102-8277, Japan
• TEL: 81-3-3265-0211   FAX: 81-3-3263-4948
• URL: http://www.nohmi.co.jp

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