Aug. 6, 2007

Financial and Performance Review for the First Quarter Ending March 2008

Listed Company: PIOLAX Inc.  Code No.: 5988  Tokyo Stock Exchange (First Section)

(URL http://www.piolax.co.jp)

Contact: President Kazuhiko Kato
General Manager Management & Planning Dept. Yukio Nagamura  (Phone 045-731-1211)

(Amounts are rounded to the nearest million yen.)

1. Consolidated performance for the first quarter ending March 31, 2008 (April 1, 2007 to June 30, 2007)

(1) Consolidated business results

<table>
<thead>
<tr>
<th></th>
<th>Net sales</th>
<th>Operating income</th>
<th>Ordinary income</th>
<th>Quarter net income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
<td>%</td>
</tr>
<tr>
<td>FY3/08 1Q</td>
<td>11,188</td>
<td>11.6</td>
<td>971</td>
<td>60.0</td>
</tr>
<tr>
<td>FY3/07 1Q</td>
<td>10,029</td>
<td>-0.1</td>
<td>607</td>
<td>-12.0</td>
</tr>
<tr>
<td>(Reference) FY3/07</td>
<td>42,418</td>
<td>-</td>
<td>2,340</td>
<td>-</td>
</tr>
</tbody>
</table>

Quarter net income per share  Yen  Yen

FY3/08 1Q 51.73 51.68
FY3/07 1Q 35.07 34.95

(Reference) FY3/07 157.03 156.67

(2) Consolidate financial position

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Net assets</th>
<th>Equity capital ratio</th>
<th>Net assets per share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>%</td>
<td>Yen</td>
</tr>
<tr>
<td>FY3/08 1Q</td>
<td>51,343</td>
<td>42,464</td>
<td>81.9</td>
<td>3,321.16</td>
</tr>
<tr>
<td>FY3/07 1Q</td>
<td>47,818</td>
<td>40,017</td>
<td>82.9</td>
<td>3,172.14</td>
</tr>
<tr>
<td>(Reference) FY3/07</td>
<td>50,599</td>
<td>41,917</td>
<td>82.1</td>
<td>3,283.82</td>
</tr>
</tbody>
</table>

(3) Consolidated cash flows

<table>
<thead>
<tr>
<th></th>
<th>Net cash flows from operating activities</th>
<th>Net cash flows from investing activities</th>
<th>Net cash flows from financing activities</th>
<th>Cash and cash equivalents at ending of the term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
</tr>
<tr>
<td>FY3/08 1Q</td>
<td>567</td>
<td>-387</td>
<td>-80</td>
<td>4,559</td>
</tr>
<tr>
<td>FY3/07 1Q</td>
<td>1,104</td>
<td>-965</td>
<td>-86</td>
<td>5,176</td>
</tr>
<tr>
<td>(Reference) FY3/07</td>
<td>3,334</td>
<td>-4,032</td>
<td>-36</td>
<td>4,467</td>
</tr>
</tbody>
</table>
2. Forecast consolidated performance for the year ending March 31, 2008 (April 1, 2007 to March 31, 2008)  (Reference)
(Percentage changes from previous period, and changes from the previous interim term for the interim term)

<table>
<thead>
<tr>
<th></th>
<th>Net sales</th>
<th>Operating income</th>
<th>Ordinary income</th>
<th>Net income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions</td>
<td>Millions</td>
<td>Millions</td>
<td>Millions</td>
</tr>
<tr>
<td></td>
<td>of yen</td>
<td>of yen</td>
<td>of yen</td>
<td>of yen</td>
</tr>
<tr>
<td>Interim</td>
<td>22,300</td>
<td>1,200</td>
<td>1,560</td>
<td>990</td>
</tr>
<tr>
<td>Annual</td>
<td>44,600</td>
<td>2,300</td>
<td>3,060</td>
<td>1,920</td>
</tr>
</tbody>
</table>

Per share

<table>
<thead>
<tr>
<th></th>
<th>Yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim</td>
<td>78.20</td>
</tr>
<tr>
<td>Annual</td>
<td>151.67</td>
</tr>
</tbody>
</table>
1. Qualitative information on consolidated business results

In the first quarter of FY2008, Japanese economy grew steadily due to business performance of companies and recovery of individual consumption. In the automotive industry, which is main clients of PIOLAX’s group, domestic production quantity (around 2,725 units) remained unchanged (compared to 2,738 units of previous year) due to favorable export, although domestic sales remain sluggish. On the other, foreign production grew significantly. Thanks to the situation, the consolidated sales increased by 11.6% over the same period of previous year and reached 11,188 million yen.

In terms of profit, consolidated operating income increased by 60% over the same period of previous year and reached 971 million yen, and the consolidated ordinary income also increased by 50.2% to 1,161 million yen mainly due to increased revenue, despite the impact of the increased depreciation expense because of the revision of the tax system. Quarter net income was 654 million yen, up 48.0% the previous year.

2. Qualitative information on consolidated financial condition

Total assets of the first quarter of FY2008 increased by 744 million yen to 51,343 million yen compared to the previous fiscal year. This is thanks to increase in inventories, sales, and notes and account receivable-trade.

Total equity increased to 42,464 million yen, up 547 million yen the previous year, and this is due to the retained earnings.

3. Qualitative information on forecast consolidated performance

Based on the results of the first quarter of FY2008 and positive forecast that our domestic sales will increase, exceeding our expectations, in the second quarter of FY2008, we revise up our interim/annual forecasts announced in “Brief financial report” on May 10, as follows:

We revise up the forecast non-consolidated performance, too.

(Interim)

<table>
<thead>
<tr>
<th></th>
<th>Net sales</th>
<th>Operating income</th>
<th>Ordinary income</th>
<th>Net income</th>
<th>Net income per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous forecast (A) (May 10, 2007)</td>
<td>21,000</td>
<td>650</td>
<td>950</td>
<td>680</td>
<td>53.78</td>
</tr>
<tr>
<td>Revised forecast (B)</td>
<td>22,300</td>
<td>1,200</td>
<td>1,560</td>
<td>990</td>
<td>78.20</td>
</tr>
<tr>
<td>Increase/decrease (amount) (B-A)</td>
<td>1,300</td>
<td>550</td>
<td>610</td>
<td>310</td>
<td>24.42</td>
</tr>
<tr>
<td>Increase/decrease (%)</td>
<td>6.2</td>
<td>84.6</td>
<td>64.2</td>
<td>45.6</td>
<td>45.4</td>
</tr>
<tr>
<td>Previous performance (FY9/06)</td>
<td>20,390</td>
<td>1,109</td>
<td>1,465</td>
<td>973</td>
<td>77.20</td>
</tr>
</tbody>
</table>

(Annual)

<table>
<thead>
<tr>
<th></th>
<th>Net sales</th>
<th>Operating income</th>
<th>Ordinary income</th>
<th>Net income</th>
<th>Net income per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous forecast (A) (May 10, 2007)</td>
<td>43,500</td>
<td>1,900</td>
<td>2,600</td>
<td>1,710</td>
<td>135.25</td>
</tr>
<tr>
<td>Revised forecast (B)</td>
<td>44,600</td>
<td>2,300</td>
<td>3,060</td>
<td>1,920</td>
<td>151.67</td>
</tr>
<tr>
<td>Increase/decrease (amount) (B-A)</td>
<td>1,100</td>
<td>400</td>
<td>460</td>
<td>210</td>
<td>16.42</td>
</tr>
<tr>
<td>Increase/decrease (%)</td>
<td>2.5</td>
<td>21.1</td>
<td>17.7</td>
<td>12.3</td>
<td>12.1</td>
</tr>
<tr>
<td>Previous performance (FY3/07)</td>
<td>42,418</td>
<td>2,340</td>
<td>3,114</td>
<td>1,981</td>
<td>157.03</td>
</tr>
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</table>
## 4. First quarter consolidated financial statement (summary)

(1) First quarter consolidated balance sheet (summary)  
(Millions of Yen, \%)  

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Cash and cash equivalents</td>
<td>4,645</td>
<td>4,373</td>
<td>-271</td>
<td>-5.8</td>
<td>4,504</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Notes and accounts receivable-trade</td>
<td>10,093</td>
<td>11,497</td>
<td>1,403</td>
<td>13.9</td>
<td>11,253</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Inventories</td>
<td>4,016</td>
<td>4,973</td>
<td>956</td>
<td>23.8</td>
<td>4,523</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4. Other current assets</td>
<td>2,299</td>
<td>1,856</td>
<td>-443</td>
<td>-19.3</td>
<td>1,709</td>
<td></td>
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<td></td>
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<tr>
<td>Total current assets</td>
<td>21,055</td>
<td>22,700</td>
<td>1,645</td>
<td>7.8</td>
<td>21,991</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>II Fixed assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Tangible fixed assets</td>
<td>15,863</td>
<td>17,140</td>
<td>1,277</td>
<td>8.1</td>
<td>17,128</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Intangible fixed assets</td>
<td>1,685</td>
<td>1,959</td>
<td>273</td>
<td>16.2</td>
<td>2,032</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Investments and other assets</td>
<td>9,214</td>
<td>9,543</td>
<td>328</td>
<td>3.6</td>
<td>9,446</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total fixed assets</td>
<td>26,763</td>
<td>28,643</td>
<td>1,880</td>
<td>7.0</td>
<td>28,607</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>47,818</td>
<td>51,343</td>
<td>3,525</td>
<td>7.4</td>
<td>50,599</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Liabilities)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Accounts payable-trade</td>
<td>2,064</td>
<td>2,327</td>
<td>262</td>
<td>12.7</td>
<td>2,460</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Other current liabilities</td>
<td>3,731</td>
<td>4,226</td>
<td>495</td>
<td>13.3</td>
<td>3,844</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>5,796</td>
<td>6,553</td>
<td>757</td>
<td>13.1</td>
<td>6,305</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>II Long-term liabilities</td>
<td>2,004</td>
<td>2,325</td>
<td>321</td>
<td>16.0</td>
<td>2,375</td>
<td></td>
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</tr>
<tr>
<td>Total liabilities</td>
<td>7,801</td>
<td>8,879</td>
<td>1,078</td>
<td>13.8</td>
<td>8,681</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Total equity)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Common stock</td>
<td>2,927</td>
<td>2,960</td>
<td>33</td>
<td>1.2</td>
<td>2,950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Capital surplus</td>
<td>2,662</td>
<td>2,696</td>
<td>33</td>
<td>1.3</td>
<td>2,685</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Retained earnings</td>
<td>33,089</td>
<td>34,967</td>
<td>1,877</td>
<td>5.7</td>
<td>34,471</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>38,375</td>
<td>40,303</td>
<td>1,927</td>
<td>5.0</td>
<td>39,786</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>II Valuation and translation adjustments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Unrealized gain on available-for-sale securities</td>
<td>1,058</td>
<td>1,124</td>
<td>65</td>
<td>6.2</td>
<td>1,136</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Foreign currency translation adjustments</td>
<td>224</td>
<td>615</td>
<td>-390</td>
<td>-62.5</td>
<td>596</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total valuation and translation adjustments</td>
<td>1,283</td>
<td>1,739</td>
<td>456</td>
<td>35.5</td>
<td>1,732</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>III Minority interests in consolidated subsidiaries</td>
<td>357</td>
<td>421</td>
<td>64</td>
<td>17.7</td>
<td>398</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>40,017</td>
<td>42,464</td>
<td>2,446</td>
<td>6.1</td>
<td>41,917</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>47,818</td>
<td>51,343</td>
<td>3,525</td>
<td>7.4</td>
<td>50,599</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(2) First quarter consolidated statements of income (summary)  

(Thousands of yen, %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>(%)</td>
</tr>
<tr>
<td>I Net sales</td>
<td>10,029</td>
<td>11,188</td>
<td>1,158</td>
<td>11.6</td>
</tr>
<tr>
<td>II Cost of sales</td>
<td>7,837</td>
<td>8,549</td>
<td>711</td>
<td>9.1</td>
</tr>
<tr>
<td></td>
<td>2,192</td>
<td>2,639</td>
<td>446</td>
<td>20.4</td>
</tr>
<tr>
<td>III Selling, general and administrative expenses</td>
<td>1,585</td>
<td>1,667</td>
<td>82</td>
<td>5.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>607</td>
<td>971</td>
<td>364</td>
<td>60.0</td>
</tr>
<tr>
<td>IV Non-operating income</td>
<td>206</td>
<td>275</td>
<td>68</td>
<td>33.1</td>
</tr>
<tr>
<td>V Non-operating expenses</td>
<td>40</td>
<td>85</td>
<td>44</td>
<td>109.7</td>
</tr>
<tr>
<td></td>
<td>773</td>
<td>1,161</td>
<td>388</td>
<td>50.2</td>
</tr>
<tr>
<td>VI Special gains</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VII Special losses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quarter net income before income taxes and minority interests</td>
<td>773</td>
<td>1,161</td>
<td>388</td>
<td>50.2</td>
</tr>
<tr>
<td>Total income taxes</td>
<td>316</td>
<td>477</td>
<td>161</td>
<td>51.0</td>
</tr>
<tr>
<td>Minority interests in gains of consolidated subsidiaries</td>
<td>15</td>
<td>30</td>
<td>14</td>
<td>95.2</td>
</tr>
<tr>
<td>Quarter net income</td>
<td>441</td>
<td>654</td>
<td>212</td>
<td>48.0</td>
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</tbody>
</table>