Cleanup

2008 Annual report

For the year ended March 31, 2008

Contents

Corporate History

1949 • Noboru Inoue, founder and the current Honorary Chairman of Cleanup, started a private company in Arakawa-ku, Tokyo for production and sales of zataku or low tables made of zelkova wood.

1954 • Inoue Shokutaku Co., Ltd. was established.

1960 • Changed company name to Inoue Kogyo Co., Ltd. and began production and sales of stainless steel sinks.

1961 • Launched the Cleanup brand.

1962 • Established Hisanohama Factory in Hisanohama-machi, Fukushima Pref. (current Iwaki City).

1967 • Established Yotsukura Factory as the main factory in Yotsukura-machi, Fukushima Pref. (current Iwaki City).

1970 • Opened the first showroom in Iidabashi, Tokyo.
Began production and sales of washstand vanities.

1971 • Introduced the kitchen Hana sink series, offering color variations and package products.

1973 • Introduced the first system kitchen in Japan.
Began production and sales of stainless steel bathtubs.

1974 • Formed Cleanup Coordinated Dealers Association, a distribution network of retailers.

1975 • Formed Cleanup Specified Agents Association, a distribution network of agents.

1983 • Changed the corporate name to Cleanup Corporation.
Developed and introduced the system kitchen Cleanlady to better suit the Japanese housing environment.

1984 • Established Kashima System Factory (Iwaki City, Fukushima).
Began production and sales of system bathrooms.

1986 • Introduced the new production system CPS (Cleanup Production System).

1988 • Registered with Japan Securities Dealers Association for OTC trading.

1990 • Listed on the Second Section of the Tokyo Stock Exchange.

1991 • Upgraded to the First Section of the Tokyo Stock Exchange.

1996 • Cleanup Service Co., Ltd. was founded.

1998 • Launched the industry's first system kitchen S.S. with all sliding storage spaces.

1999 • Improved the system kitchen with all sliding storage spaces and equipped S.S. and Cleanlady with the floor container feature.

2004 • Equipped S.S. and Cleanlady with the very quiet Super Silent feature.

2005 • In addition to the Super Silent feature, developed sinks that reduce stains and scratches and equipped S.S. and Cleanlady with these features.

2006 • Remodeled the system bathroom Aqulia.

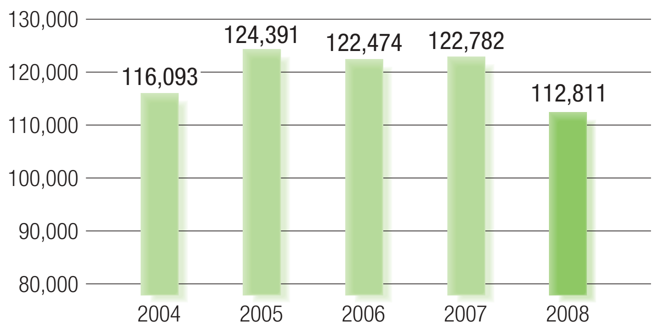
2007 • Fully remodeled the main system kitchen line S.S. and Cleanlady.
Equipped the S.S. line with the first servo-function drawers in Japan for opening them with a single touch.
Newly introduced the economy-class system kitchen RAKUERA.

Financial Highlights

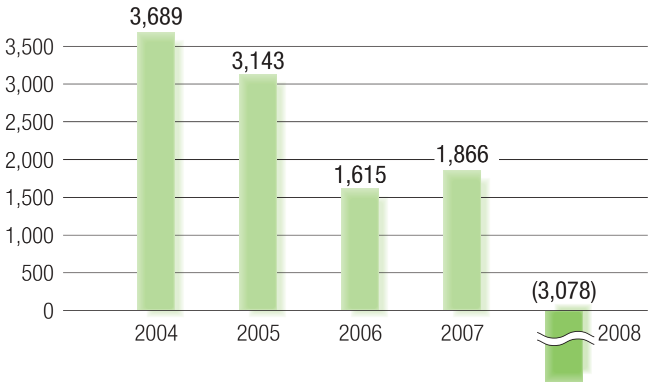
For the years ended March 31, 2007 and 2008.

	(Millions of yen)		(Thousands of U.S. dollars)
	2008	2007	**2008**
Consolidated			
Net Sales	**¥ 112,811**	¥ 122,782	**$ 1,125,973**
Operating Income	**(1,301)**	4,139	**(12,987)**
Net Income	**(3,078)**	1,866	**(30,724)**
Shareholders' Equity	**55,892**	60,595	**557,864**
Total Assets	**79,898**	86,950	**797,462**
	(Yen)		(U.S. dollars)
	2008	2007	**2008**
Per Share Data (Note 11)			
Net Income Per Share	**(62.98)**	38.17	**(0.63)**
Dividends Per Share	**20.00**	20.00	**0.20**

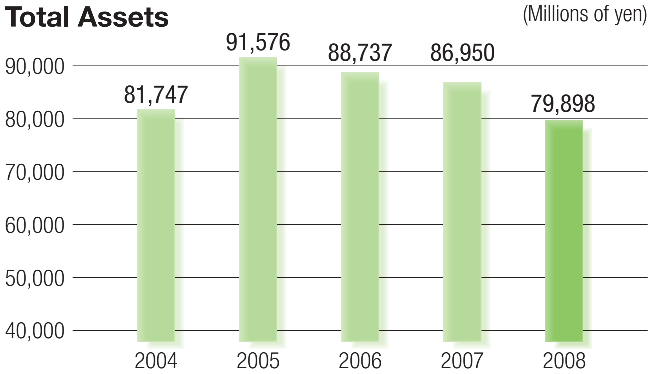
Net Sales (Millions of yen)



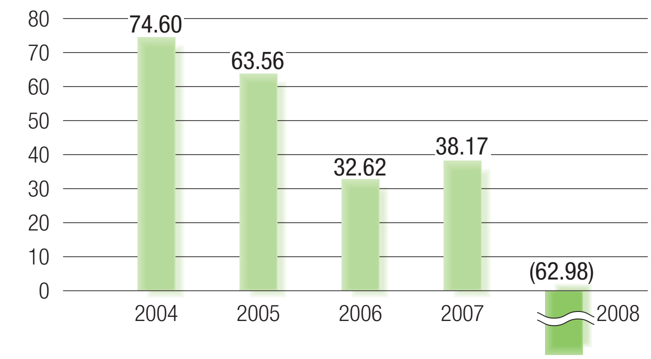
Net Income (Millions of yen)



Total Assets (Millions of yen)



Net Income Per Share (yen)



Message from the President

Kyoichi Inoue
President

Basic Management Policies

Since its establishment, Cleanup has been committed to serving our customers and society with a sense of gratitude toward them. As the company to have developed the first system kitchen in Japan, our primary mission has been to continuously provide innovative products that help improve customers' lifestyles, and we are very proud of what the Cleanup brand has achieved in the market. Meanwhile, as the current industry trend is shifting from uncovering demand in the new construction market to the housing reform market, and with the advent of an aging society with a declining birthrate, our second most important mission is to provide extensive customer-oriented services accompanying quality products to win continued confidence of our customers, and thereby we are promoting efforts to provide fast and reliable construction and services throughout the entire Cleanup group. Under a management vision, 'Development of a Life Cycle Support System,' we will continue to provide our customers with soft (=services) and hard (=products) services.

Business Results of the Consolidated Year

The overall Japanese economy showed a gradual recovery trend during the first half of the consolidated fiscal year, owing to higher corporate earnings that led to increases in capital investment and improvement in the employment environment. However, the second half saw increased economic uncertainties due to the financial instability triggered by the subprime issue in the U.S. and a continuous rise in raw material cost due to high crude oil prices.

In the household equipment and appliances industry, new housing construction dropped sharply after the Revised Building Standard Law took effect in June 2007, and difficult conditions continued coupled with the slowdown in reform demand. As a result, the volume of shipments in the industry dropped from the previous year in the areas relevant to Cleanup, in system kitchens, system bathrooms and washstand vanities.

Against this backdrop, the Cleanup group (Cleanup and consolidated subsidiaries) continued to focus on securing demand by offering high value-added products and services. In the kitchen segment, the main line of high-class system kitchen S.S. and the medium- to high-class system kitchen Cleanlady were both fully remodeled with new designs and upgraded functions in September 2007. Furthermore, in February 2008, we introduced the S.S. Servo with the first drawers in Japan equipped with electronic assist function to open and close them with a single touch. In the system bathroom segment, while the medium- to high-class AQULIA has shown strong performance since its introduction, the line was upgraded in February 2008 with a model corresponding to the meter module, and the washstand vanity "S" also expanded its lineup models in February 2008. In addition, in September 2007, we introduced a new paid, 20-year system maintenance program called "smile 20" for customers who purchased the system kitchen S.S. or Cleanlady, or the system bathroom AQULIA. The showrooms were renovated to display our new products at all 109 locations. The Shinjuku showroom installed a new hands-on section to facilitate making proposals to our customers, expanded the variety of kitchen and bath related items sold on-site, and also began selling organic wine.

The sales strategy to capture demand concentrated on organizing housing reform fairs in cooperation with our partner contractors, and a membership organization for reform contractors called Mizumawari Kobo (Wet area workshop). We also invited about 1,000 people from key dealers to tour our factory.

In the area of production, we continued to promote the VE activity amid soaring raw material prices, and pursued cost reduction in parts procurement and higher efficiency in the production line.

As a result, net sales recorded 112.811 billion yen for this consolidated fiscal year, down 8.1% versus the previous year. In terms of profits, although we were able to absorb to a certain extent the rise in raw material prices through price increases and cost reduction efforts, the product mix negatively affected profits and even with the cost containment efforts, we posted an operating loss of 1,310 million yen, down from an operating profit of 4,139 million yen in the previous year. Ordinary loss was 1,382 million yen, down from an ordinary profit of 3,962 million yen in the previous year. Net loss was 3,078 million yen, including the reversal of deferred tax assets, and down from a net income of 1,865 million yen in the previous year.

(Note) The above amounts do not include consumption tax.

Future Challenges

The economic outlook for Japan still holds unpredictable elements such as the continuing rise in crude oil prices, uncertainties in the U.S. economy, and currency movement showing a trend toward a stronger yen, and therefore the economy is expected to continue to harbor these uncertainties.

In the household equipment and appliances industry, the worst of the impact of the Revised Building Standard Law is over and the confusion is expected to subside, but new housing and reform demands are not expected to recover quickly due to weak consumer spending, and adverse market conditions will likely continue.

The Cleanup group will focus on marketing the system kitchens S.S. and Cleanlady, which were fully remodeled in 2007, along with the system bathroom AQULIA, while promoting higher product awareness of the S.S. Servo equipped with electronic assist function introduced in February 2008. Furthermore, we will use the economy-class kitchen RAKUERA launched in March 2008 to our advantage to capture market demand and expand our share in the kitchen and bathroom segments. As a measure to generate demand in the sluggish high-class product market, we plan to introduce a more affordable S.S. Light Package in May 2008. Our sales strategy will place emphasis on developing new channels for reform, while promoting sales expansion measures, mainly by organizing showroom events in cooperation with partner contractors of the Cleanup group, the membership organization for reform contractors called Mizumawari Kobo, and other key contractors. Lastly, our production divisions will continue to pursue higher efficiency, focus efforts in VE activity, and try to absorb as much of the rise in raw material costs as possible, with an aim to contribute to the company's bottom line.

Sales Overview by Segments

Kitchen Equipment Segment

Due the worsened business confidence leading to a slowdown in consumption, sales of the high-class system kitchen S.S. dropped by more than 30 percent in units from the previous year, while medium- to high-class system kitchen Cleanlady also declined in both unit and amount from the previous year. As a result, the net sales in the kitchen equipment segment was 87.862 billion yen, down by 10.4% from the previous year.

System Kitchen RAKUERA

Stainless System Kitchen

Baths & Washstands Segment

The sales of medium- to high-class system bathrooms AQULIA showed growths in both unit and amount, while the economy-class L-Bath declined in both unit and amount from the previous year, and the net sales in the baths and washstands segment came to 20.244 billion yen, down by 0.2% from the previous year.

Washstand S

System Bathroom AQULIA-BATH

Consolidated Balance Sheets

March 31, 2007 and 2008.

ASSETS	(Millions of yen) 2008	2007	(Thousands of U.S. dollars) (Note 3) 2008
Current Assets :			
Cash and deposits	¥ **13,794**	¥ 15,827	$ **137,681**
Trade receivables :			
Notes	**12,301**	15,529	**122,776**
Accounts	**13,635**	15,009	**136,098**
Allowance for doubtful accounts (Note 2)	**(53)**	(69)	**(528)**
Marketable securities (Notes 2 and 4)	**2,506**	807	**25,013**
Inventories (Notes 2 and 5)	**3,042**	3,306	**30,358**
Other	**4,318**	4,576	**43,095**
Total current assets	**49,543**	54,985	**494,493**
Property, Plant and Equipment, at cost			
(Notes 2 and 8) :			
Land	**6,636**	6,748	**66,234**
Buildings	**22,868**	22,758	**228,245**
Machinery and equipment	**22,566**	21,096	**225,233**
Construction in progress	**14**	54	**139**
	52,084	50,656	**519,851**
Accumulated depreciation	**(30,203)**	(28,383)	**(301,456)**
Net property, plant and equipment	**21,881**	22,273	**218,395**
Investments and Other Assets :			
Investment securities (Notes 2 and 4)	**2,269**	2,826	**22,650**
Lease deposits	**2,417**	2,435	**24,119**
Other	**3,788**	4,431	**37,805**
Total investments and other assets	**8,474**	9,692	**84,574**
Total	¥ **79,898**	¥ 86,950	$ **797,462**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	(Millions of yen) 2008	2007	(Thousands of U.S. dollars) (Note 3) 2008
Current Liabilities :			
Short-term bank loans	¥ -	¥ 1,500	$ -
Current portion of long-term debt (Notes 7 and 8)	**1,152**	1,633	**11,494**
Trade accounts payable	**6,557**	6,926	**65,448**
Accrued income taxes (Note 10)	**312**	977	**3,113**
Accrued employees' bonuses	**1,207**	1,213	**12,047**
Accrued expenses	**8,180**	9,546	**81,647**
Other	**458**	342	**4,571**
Total current liabilities	**17,866**	22,137	**178,320**
Long-term Liabilities :			
Long-term debt (Notes 7 and 8)	**2,993**	909	**29,869**
Long-term deposits payable	**1,355**	1,358	**13,519**
Other	**1,792**	1,951	**17,890**
Total long-term liabilities	**6,140**	4,218	**61,278**
Contingent Liabilities (Note 12)			
Net Assets:			
Shareholders' Equity :			
Common stock (Authorized : 130,000,000 shares Issued : 48,942,374 shares)	**13,267**	13,267	**132,422**
Additional paid-in capital	**12,352**	12,352	**123,281**
Retained earnings (Notes 2 and 9)	**30,017**	34,073	**299,604**
Treasury stock, at cost (63,387 shares in 2008)	**(64)**	(63)	**(635)**
Total shareholder's equity	**55,572**	59,629	**554,672**
Valuation and translation adjusument :			
Unrealized gain on securities	**320**	966	**3,192**
Total Valuation and translation adjustments	**320**	966	**3,192**
Total net assets	**55,892**	60,595	**557,864**
Total	**79,898**	86,950	**797,462**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

For the years ended March 31, 2007 and 2008.

	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
	2008	2007	**2008**
Net Sales	**¥ 112,811**	¥ 122,781	**$ 1,125,973**
Cost of Sales	**76,341**	80,722	**761,966**
Gross profit	**36,470**	42,059	**364,007**
Selling, General and Administrative Expenses	**37,771**	37,920	**376,994**
Operating income (loss)	**(1,301)**	4,139	**(12,987)**
Other Income (Expenses) :			
Interest and dividend income	**127**	51	**1,266**
Interest expenses	**(76)**	(61)	**(756)**
Loss on liquidation of subsidiaries and affiliates	**(74)**	-	**(736)**
Loss on impairment of fixed assets (Note 6)	**(154)**	(60)	**(1,536)**
Other, net	**(481)**	(682)	**(4,806)**
	(658)	(752)	**(6,568)**
Income (Loss) before Income Taxes	**(1,959)**	3,387	**(19,555)**
Income Taxes (Notes 2 and 10) **:**			
Current	**327**	1,279	**3,263**
Deferred	**792**	244	**7,906**
	1,119	1,523	**11,169**
Minority Interests	**-**	2	**-**
Net Income (Loss)	**(3,078)**	1,866	**(30,724)**

	(Yen)		(U.S. dollars) (Note 3)
	2008	2007	**2008**
Per Share Data (Note 11) **:**			
Net income (loss)	**¥ (62.98)**	¥ 38.17	**$ (0.63)**
Cash dividends	**20.00**	20.00	**0.20**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in net assets

For the years ended March 31, 2007 and 2008.

	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
	2008	2007	**2008**
Common stock			
Balance at beginning of the year	**¥ 13,267**	¥ 13,267	**$ 132,422**
Balance at end of the year	**13,267**	13,267	**132,422**
Additional paid-in capital			
Balance at beginning of the year	**12,352**	12,352	**123,281**
Balance at end of the year	**12,352**	12,352	**123,281**
Retained earnings			
Balance at beginning of the year	**34,073**	33,205	**340,086**
Net income (loss)	**(3,078)**	1,866	**(30,724)**
Cash dividends	**(978)**	(978)	**(9,758)**
Bonuses to directors	**-**	(20)	**-**
Balance at end of the year	**30,017**	34,073	**299,604**
Treasury stock			
Balance at beginning of the year	**(63)**	(63)	**(632)**
Acquisition of treasury stock	**(0)**	(0)	**(3)**
Balance at end of the year	**(63)**	(63)	**(635)**
Unrealized gain on securities			
Balance at beginning of the year	**966**	1,305	**9,648**
Net change during the year	**(646)**	(339)	**(6,456)**
Balance at end of the year	**320**	966	**3,192**
Minority interests			
Balance at beginning of the year	**-**	64	**-**
Net change during the year	**-**	(64)	**-**
Balance at end of the year	**-**	-	**-**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

For the years ended March 31, 2007 and 2008.

	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
	2008	2007	**2008**
Cash Flows from Operating Activities :			
Income (Loss) before income taxes	**¥ (1,959)**	¥ 3,387	**$ (19,555)**
Depreciation and Amortization	**4,352**	3,598	**43,438**
Loss on disposal of property, plant and equipment	**163**	480	**1,623**
Decrease in allowance for doubtful accounts	**(25)**	(11)	**(251)**
Decrease in estimated director's retirement	**(0)**	(154)	**(4)**
Loss on write-down of investment securities	**13**	0	**132**
Gain on sales of investment securities	**(0)**	-	**(0)**
Decrease in estimated employee's bonuses	**(6)**	(74)	**(60)**
Decrease in lease deposits	**18**	28	**182**
Increase in long-term prepayment	**(803)**	(446)	**(8,018)**
Interest and dividend income	**(127)**	(51)	**(1,266)**
Interest expense	**58**	47	**574**
Decrease in trade receivables	**4,717**	1,217	**47,082**
Increase in inventories	**(550)**	(65)	**(5,487)**
Decrease in trade payables	**(369)**	(358)	**(3,680)**
Loss on liquidation of subsidiaries and affiliates	**98**	-	**980**
Loss on impairment of fixed assets	**154**	60	**1,536**
Other	**(904)**	(965)	**(9,022)**
Net	**4,830**	6,693	**48,204**
Interest and dividend income received	**125**	47	**1,251**
Interest expense paid	**(62)**	(45)	**(620)**
Income taxes paid	**(947)**	(867)	**(9,452)**
Net cash provided by operating activities	**3,946**	5,828	**39,383**
Cash Flows from Investing Activities :			
Acquisition of property, plant and equipment	**(2,386)**	(1,121)	**(23,814)**
Acquisition of intangible property	**(495)**	(988)	**(4,944)**
Sales of investment securities	**0**	10	**0**
Other	**(524)**	14	**(5,230)**
Net cash used in investing activities	**(3,405)**	(2,085)	**(33,988)**
Cash Flows from Financing Activities :			
Borrowings of long-term debt	**3,400**	-	**33,935**
Repayment of long-term debt	**(1,798)**	(1,802)	**(17,942)**
Cash dividends paid	**(977)**	(977)	**(9,749)**
Other	**(1,500)**	(501)	**(14,974)**
Net cash used in financing activities	**(875)**	(3,280)	**(8,730)**
Translation Difference of Cash and Cash Equivalents	**0**	0	**0**
Increase (Decrease) in Cash and Cash Eqivalents	**(334)**	463	**(3,335)**
Cash and Cash Equivalents at Beginning of the Year	**16,634**	16,171	**166,029**
Cash and Cash Equivalents at End of the Year	**¥ 16,300**	¥ 16,634	**$ 162,694**

Notes to Consolidated Financial Statements

1. Basis of presenting consolidated financial statements

(a)
The accompanying consolidated financial statements have been prepared from the financial statements filed with the Minister of Finance as required by the Japanese Financial Instruments and Exchange Act accordance with accounting principles generally accepted in Japan.

For the purposes of preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in Japan in order to present these statements in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan, but which is presented herein as additional information for the purposes of this document.

(b)
Cleanup Corporation (the "Parent company") had 12 majority-owned subsidiaries as of March 31, 2008. The consolidated financial statements include the accounts of the Parent company and ten of its significant subsidiaries in Japan (together, the "Companies"). All significant intercompany transactions have been eliminated. The Companies maintain their records and prepare their financial statements in accordance with accounting principles generally accepted in Japan.

Investments in unconsolidated subsidiaries are stated at cost.

(c)
Goodwill and negative goodwill are amortized evenly over a period of 5 years. However, immaterial items are fully amortized in the fiscal year they arise.

2. Summary of significant accounting policies

(a) Foreign currency translation
Short-term receivables and payables in foreign currencies are translated into Japanese yen at the current rate of exchange as of each balance sheet date. Long-term receivables and payables in foreign currencies are translated at the historical rates of exchange.

(b) Marketable and investment securities
Held-to-maturity debt securities are stated at cost. Available-for-sale securities for which the fair market value is not readily determinable are stated at cost based on the moving average method, while available-for-sale securities with fair market value are stated at fair market value as of balance sheet date. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of the shareholders' equity. The cost of securities sold is determined primarily by the moving average method.

(c) Inventories
Finished goods are stated at cost, being determined by the average method. Work in process and raw materials are stated at average cost and supplies are stated principally at the most recent purchase prices.

(d) Property, plant and equipment
Depreciation of property, plant and equipment is computed by the declining-balance method except for buildings, whose depreciation is computed by the straight-line method, over the estimated useful lives of the assets.
The estimated useful lives are as follows:-

Buildings	3 to 50 years
Machinery and equipment	2 to 20 years

Ordinary maintenance and repairs are charged to income as incurred. Major replacements and improvements are capitalized.

(Change in accounting policy)
Effective in the fiscal year ended March 31, 2008, in accordance with the revised Japanese Corporation Tax Law, the Company and its domestic subsidiaries changed the depreciation method of tangible fixed assets acquired

on or after April 1, 2007.
As a result, Operating loss, Ordinary loss and Loss before income taxes each increased by ¥319 million ($3,187 thousand) compared with the amount under the formerly applied method.
(Additional Information)
Effective in the fiscal year ended March 31, 2008, in accordance with the revised Japanese Corporation Tax Law, the Company and its domestic subsidiaries depreciate the residual value of tangible fixed assets acquired on or before March 31, 2007, which was depreciated in accordance with former Japanese Corporation Tax Law, to memorandum value in five years using straight-line method.
As a result, Operating loss and Loss before income taxes each increased by ¥75 million ($747 thousand) compared with the amount under the formerly applied method.

(e) Retirement Benefits
The Companies maintain non-contributory pension plans covering all employees.
Liability for employees' retirement benefits is calculated based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the year end. Generally, an unrecognized net transition obligation or asset is amortized over 5 years. Unrecognized actuarial net gains or losses are amortized within the average remaining service period of 10 years on a straight-line basis commencing from succeeding period.

(f) Income taxes
Provision is made for income taxes applicable to all items of revenues and expenses included in the accompanying consolidated statements of income and retained earnings regardless of when such items are taxable or deductible.

(g) Appropriations of retained earnings
Under the Japanese Corporate Code (JCC) and Articles of Incorporation of the Companies, the plan for appropriations of retained earnings (primarily for cash dividend payments) proposed by the Board of Directors must be approved by the shareholders' meeting which must be held within three months after the end of each financial year.
The appropriations of retained earnings reflected in the accompanying consolidated financial statements represents the results of such appropriations applicable to the immediately preceding financial year which were approved by the shareholders' meeting and disposed of during that year. Dividends are paid to shareholders on the register at the end of each financial year.

(h) Allowance for doubtful accounts
In general, the Companies provide the allowance based on the past loan loss experience for a certain reference period. Furthermore, for receivables with financial difficulty which could affect the debtor's ability to perform their obligations, the allowance is provided for estimated unrecoverable amounts individually.

3. United States dollar amounts

The United States dollar amounts included herein are presented solely for convenience. The translations should not be construed as representations that Japanese yen have been, could have been or could in the future be converted into United States dollars. Such dollar amounts have been translated from yen at the exchange rate of $1 = ¥100.19, the approximate exchange rate prevailing on March 31, 2008.

4. Marketable and investment securities

1. Held-to-maturity debt securities with available fair values (as of March 31, 2008 and 2007)

As of March 31, 2008	(Millions of yen)		
	Book value	Market value	Difference
Corporate bonds	¥ 400	¥ 349	¥ (51)
Subtotal	¥ 400	¥ 349	¥ (51)

As of March 31, 2007	(Millions of yen)		
	Book value	Market value	Difference
Corporate bonds	¥ -	¥ -	¥ -
Subtotal	¥ -	¥ -	¥ -

As of March 31, 2008	(Thousands of U.S.dollars)(Note 3)		
	Book value	Market value	Difference
Corporate bonds	¥ 3,992	¥ 3,479	¥ (513)
Subtotal	¥ 3,992	¥ 3,479	¥ (513)

2. The following is a summary of acquisition cost and balance sheet amount of fair market value of marketable securities included in investment securities as at March 31, 2007 and 2008.

	(Millions of yen) 2008			
Available-for-sale:				
Equity securities	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Balance sheet amount
	¥ 1,124	¥ 606	¥ 73	¥ 1,657

	(Millions of yen) 2007			
Available-for-sale:				
Equity securities	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Balance sheet amount
	¥ 1,028	¥ 1,636	¥ 24	¥ 2,640

	(Thousands of U.S. dollers) (Note 3) 2008			
Available-for-sale:				
Equity securities	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Balance sheet amount
	$ 11,223	$ 6,051	$ 732	$ 16,542

5. Inventories

Inventories comprised the following:-

	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
	2008	2007	**2008**
Finished goods	**¥ 1,750**	¥ 2,019	**$ 17,467**
Work in process	**139**	182	**1,382**
Raw materials and supplies	**1,153**	1,104	**11,510**
	¥ 3,042	¥ 3,305	**$ 30,359**

6. Loss on impairment of fixed assets

The companies reviewed their fixed assets for impairment as of the year ended March 31, 2008, and as a result, recognized an impairment loss of ¥118 million (US $1,180 thousand) on unused land and ¥36 million (US $356 thousand) on unused machinery and equipment.
The recoverable amount was measured at its net selling price determined by appraisal report from an independent real-estate appraiser.

7. Long-term debt

Long-term debt comprised the following:-

	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
	2008	2007	**2008**
0.77% to 3.00% loans from Japanese banks due through 2012	**¥ 3,487**	¥ 1,847	**$ 34,806**
0.34% to 1,78% loans from other financial institutions due through 2012	**657**	695	**6,557**
	4,144	2,542	**41,363**
Less: Current portion of long-term debt	**(1,151)**	(1,633)	**(11,494)**
	¥ 2,993	¥ 909	**$ 29,869**

The aggregate annual maturities of long-term debt (including current portion) at March 31, 2008, were as follows:-

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars) (Note 3)
2009	¥ 1,152	$ 11,494
2010	496	4,955
2011	496	4,955
2012	496	4,955
2013 and thereafter	1,504	15,005
	¥ 4,144	$ 41,364

8. Pledged assets

Assets pledged as collateral for long-term debt were as follows:-

	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
	2008	2007	**2008**
Property, plant and equipment	**¥ 1,381**	¥ 1,426	**$ 13,785**

9. Legal reserve and cash dividends

JCC provides that an amount equal to at least 10% of appropriations of retained earnings to be paid in cash be appropriated as a legal reserve until total additional paid in capital and legal reserve equals to 25% of stated common stock. Either additional paid in capital or legal reserve may be available for dividends by resolution of the shareholders to the extent that the amount of total additional paid in capital and legal reserve exceeds 25% of stated common stock.

10. Income taxes

The Companies were subject to Japanese corporate, inhabitants and enterprise taxes, based on income, at a combined normal statutory tax rate of approximately 40%. The effective tax rates reflected in the accompanying statements of income for each of the years ended March 31, 2007 and 2008. The Companies provide for income taxes applicable to all items of included in the consolidated statements of income regardless of when such taxes are payable. Income taxes based on temporary differences between tax and financial reporting purposes are reflected as deferred income taxes in the consolidated financial statements using the asset and liability method.

11. Per share data

Net income per share shown in the consolidated statements of income are computed by dividing income available to common shareholders by the weighted average number of common stock outstanding during the year.

12. Contingent liabilities

Contingent liabilities were as follows:-

	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
	2008	2007	**2008**
Trade notes receivable endorsed	**¥ 3,831**	¥ 4,289	**$ 38,233**
Guarantees for bank loans of employees	**78**	107	**776**
a non-consolidated subsidiary	**-**	46	**-**

13. Subsequent events

On June 25, 2008, the general meeting of shareholders of the Parent company approved the following appropriations of the retained earnings:-

	(Millions of yen)	(Thousands of U.S. dollars) (Note 3)
Cash dividends	¥ 489	$ 4,879

Corporate Data

Head Office • 22-22, Nishinippori
6-Chome Arakawa-ku,
Tokyo 116-8587, Japan
Telephone : 03-3894-4771
Facsimile : 03-3893-5402

Date of Founding • October 5, 1949

Date of Establishment • October 5, 1954

Paid-in Capital • ¥13,267 million

Number of Employees • 2,567 (As of March 31, 2008)

Common Stock • Authorized : 130,000,000 shares
Issued : 48,942,374 shares

Number of Shareholders • 5,274 (As of March 31, 2008)

Directors and Auditors

As of June 25, 2008

President • Kyoichi Inoue

Directors • Makoto Takashima
Kazuo Kawaai
Hitoshi Sakai
Ryoichi Kato
Teruo Kojima
Yuko Komatsu
Akira Suzuki
Masataka Matsuura
Shigeru Sato

Statutory Auditors • Yasumasa Yamane
Yoshiyuki Igari
Kenichi Araya
Fuminobu Aruga

Overview of Subsidiaries

As of March 31. 2008

Name	Capital (Millions of yen)	Ownership (%)	Principal Business
Consolidated Subsidiaries			
• **Cleanup Commercial Kitchen Industrial Co., Ltd.**	35	100	Manufacturing and sales of commercial-use kitchen equipment
• **Cleanup Okayama Industrial Co., Ltd.**	13	100	Manufacturing and sales of kitchen equipment
• **Cleanup Steel Processing Co., Ltd.**	126	100	Processing and colouring of stainless steel
• **Inoue Kosan Co., Ltd.**	10	100	Sales of stainless steel and plywood
• **Cleanup Transportation Co., Ltd.**	35	100	Transportation and storage
• **Cleanup Techno Service Co., Ltd.**	88	100	Maintenance service and Installation of kitchen and bath equipment
• **Cleanup Design Co., Ltd.**	50	100	Consultancy and construction contract
• **Cleanup Career Service Co., Ltd.**	100	100	Temporary personnel service
• **Cleanup Logistics Co., Ltd.**	50	100	Third party logistics
• **Cleanup Heartful Co., Ltd.**	25	100	Commissioned clerical business

Non-Consolidated Subsidiaries

In Shanghai city, Shanghai Cleanup Kitchen Equipment Co., Ltd. was founded in October 2004, with the investment ratio of 51% by Cleanup Co., Ltd., for the purpose of manufacturing and marketing of kitchen units in China. In addition, Cleanup (Shanghai) Co., Ltd. was established in January 2005 through 100% capital participation by Cleanup Co., Ltd., to conduct sales, procurement of raw materials and parts, and importing/exporting of products in China.

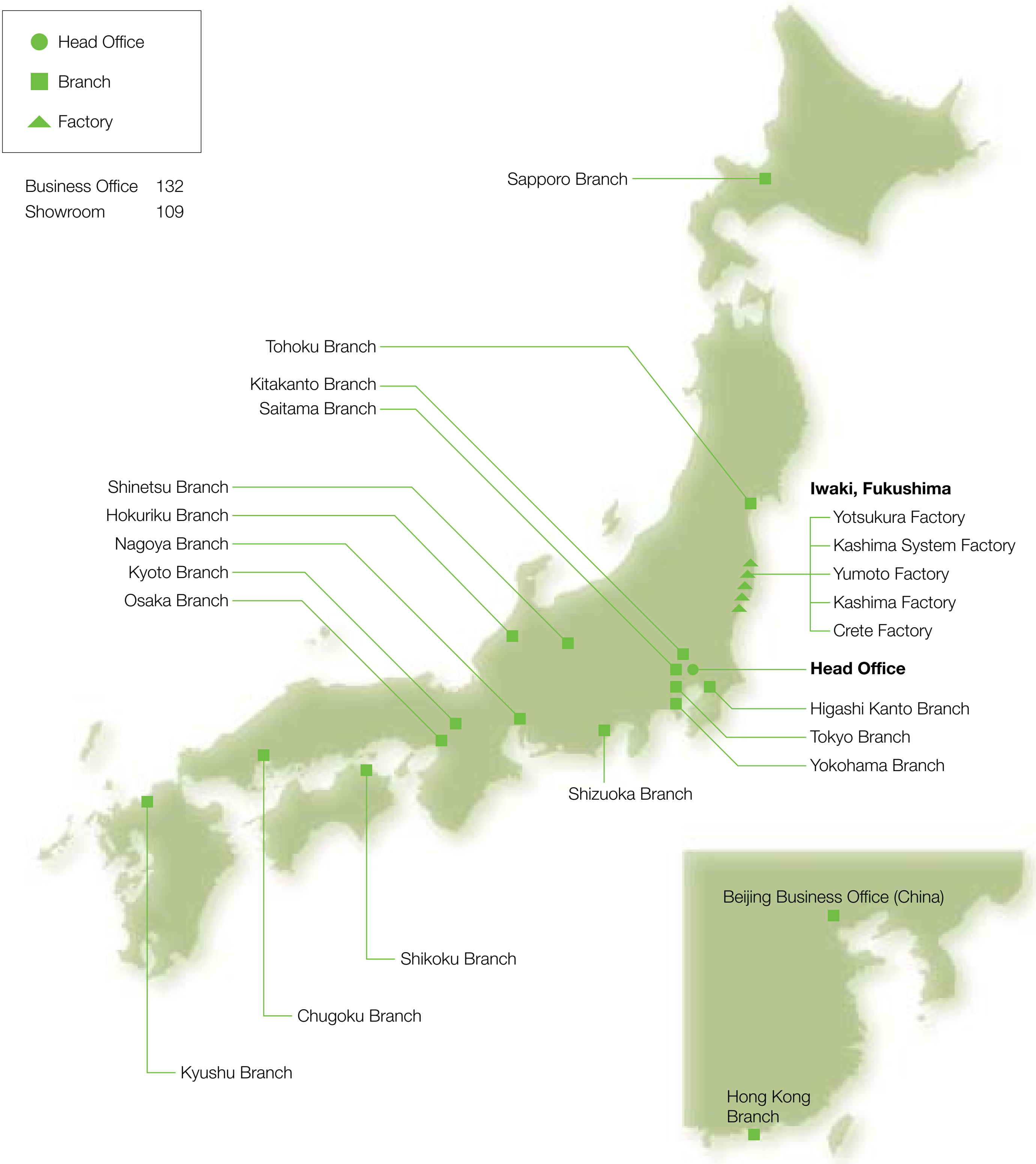
note

1. Cleanup Heartful Co., Ltd. was established in February 2008 for the commissioned clerical business.
2. Cleanup Logistics Co., Ltd. merged Cleanup Transportation Co., Ltd. as of April 1, 2008.
3. The dissolution of Shanghai Cleanup Kitchen Equipment Co., Ltd. was decided at the Board of Directors' meeting of the Cleanup Corporation on April 7,2008 and the Directors' Meeting of Shanghai Cleanup Kitchen Equipment Co., Ltd. on April 10, 2008.

Network

As of May 1. 2008

Business Office	132
Showroom	109



Cleanup Corporation

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URL http://cleanup.jp/