



# Afia Corporation - Results of Operations

(April 1, 2007 - March 31, 2008)

## (1) Key operations, location, shares, employees, etc

Afia Corporation experienced decreased revenues and profits during the fiscal year ended March 2008 due to the lack of special orders which were received during the previous fiscal year, as well as the acquisition of fixed assets which led to an increase in depreciation expenses. Corporate performance exceeded initial forecasts, however, and the Company continues to enjoy stable revenues through a high amount of repeat orders.

There were no changes in office location, shares, or employees.

## (2) Key results of operations

Revenues decreased 6.9% relative to the previous fiscal year. Inquiries concerning Afia's services remain on the increase, however, due to the increased awareness of its corporate brand.

With respect to profits, operating profit and net income decreased 51.6% and 28.4%, respectively, mainly due to the increase in depreciation expenses associated with the acquisition of fixed assets.

Cash flows continued to be stable. The company has no borrowings and no debt has been issued. Afia has maintained a quick ratio well over 100%, and there are no issues calling for large expenditures in the foreseeable future.

## (3) Relationship with parent company / subsidiaries; other matters relating to consolidation

N/A

## (4) Description of operations and accounts during last 3 fiscal years



Operations have been extremely stable over the last 3 years. While revenues and profits decreased due to the lack of large orders during the fiscal year, results nonetheless significantly exceeded initial expectations. Cash flows continue to be stable, and there has been no need to seek external funding.

(5) Issues faced by the Company

Due to the great demand for the Company's services, the Company constantly operated at full capacity, and many orders were lost due to the lack of capacity. The Company has also experienced difficulty in maintaining the quality of its external translators, creating a significant burden on internal staff to proofread and edit their work. Recruiting or training top-quality translators/managers to oversee operations remains an important issue for the Company going forward.

For the above reasons, the Company expects a decrease in revenues and profits for the fiscal year ending March 31, 2009, despite 1 special order planned for the fiscal year.

(6) Scope of auditor's work and position within the Company

Afia's auditor is external and thus is able to exercise free judgment on accounting matters. Further, Afia is a "small corporation" as defined by the Corporate Law and thus the auditor's scope is limited to the auditing of accounting practices and statements.

(7) Top 7 shareholders and number of shares held; capital injections

President & CEO Takeshi Okamoto holds 100% of the shares outstanding. There has been no change in total shares outstanding (200,000 shares) or authorized shares (800,000 shares).

(8) Borrowings

N/A

(8-2) Treasury stock

N/A



(9) Important issues that arose after the end of the fiscal year

N/A

Best regards,

Takeshi Okamoto  
President & CEO  
Afia Corporation

May 28, 2008