



Results of Operations

Fiscal Year Ended May 31, 2008
(June 1, 2007 – May 31, 2008)

INTER ACTION Corporation
July 25, 2008

- 1. Review of Financial Results**
- 2. Business Strategies**
- 3. Q&A Session**



INTER ACTION Group Review of Financial Results

Akio Nakataki, Managing Director

Consolidated Financial Results (FY5/08)



(yen in millions)	FY5/07		FY5/08		YoY change (%)
	Amount	%	Amount	%	
Sales	1,909	100.0 %	1,724	100.0 %	(9.7) %
Gross profit	954	50.0 %	722	41.9 %	(24.3) %
Operating income	13	0.7 %	(159)	(9.2) %	-
Ordinary income	24	1.3 %	(226)	(13.1) %	-
Net income	(43)	(2.3) %	(169)	(9.8) %	-

Reasons for lower sales and earnings

- Decline in overseas sales
(decreased by ¥321 million from ¥472 million in FY5/07 to ¥150 million in FY5/08)
- Increase in the cost of sales of all products, except illuminators
- Foreign exchange losses

Non-consolidated Financial Results (FY5/08)



(yen in millions)	FY5/07		FY5/08		YoY change (%)
	Amount	%	Amount	%	
Sales	1,853	100.0 %	1,526	100.0 %	(17.7) %
Gross profit	840	45.4 %	686	45.0 %	(18.4) %
Operating income	9	0.5 %	(98)	(6.5) %	-
Ordinary income	31	1.7 %	(158)	(10.4) %	-
Net income	15	0.8 %	(127)	(8.4) %	-

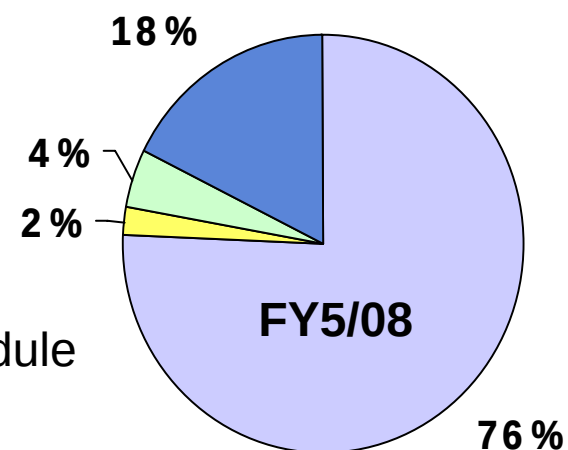
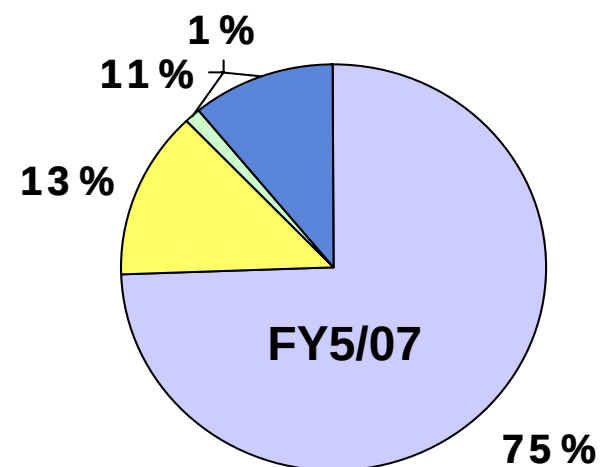
Reasons for lower sales and earnings

- Decline in overseas sales
- Increase in the cost of sales of all products, except illuminators
- Foreign exchange losses
- Provision of allowance for loss on investments in affiliate (consolidated subsidiary BIJ)

Comparison of Sales by Product

(yen in millions)	FY5/07	FY5/08
	Amount	Amount
Electronics testing equipment	1,696	1,419
Illuminators	1,440	1,302
Image testing equipment	255	39
Tester equipment	0	77
Security systems	212	305
Total	1,909	1,724

Sluggish sales of image testing equipment (camera module testing equipment, IP module testing equipment, etc.)



R&D Expenses/Capital Expenditures/ Depreciation and Amortization



(yen in millions)	FY5/07		FY5/08	
	Cons.	Non-cons.	Cons.	Non-cons.
R&D expenses	153	140	102	99
Capital expenditures	89	78	89	38
Depreciation and amortization	96	83	113	91

R&D expenses: Investment in development of next-generation illuminator
(Curbed because of lower sales)

Capital expenditures: Equipment for production and development

Consolidated Balance Sheets



(yen in millions)		FY5/07	FY5/08	Change	
Assets	Cash and deposits in banks	1,995	1,944	(51)	Collection of trade accounts receivable
	Trade notes and accounts receivable	512	293	(219)	
	Inventories	624	750	126	Increase of work in process
	Total current assets	3,264	3,096	(167)	
	Total fixed assets	954	994	40	
	Total assets	4,219	4,091	(127)	
Liabilities	Trade accounts payable	98	94	(4)	
	Short-term borrowings	-	25	25	
	Current portion of long-term borrowings	359	434	75	
	Current portion of corporate bonds	60	80	20	
	Total current liabilities	657	863	206	
	Corporate bonds	540	550	10	
	Long-term borrowings	778	638	(140)	Repayment of long-term borrowings
	Total long-term liabilities	1,323	1,194	(129)	
Net assets	Total liabilities	1,980	2,058	77	
	Common stock	1,102	1,102	-	
	Capital surplus	1,033	1,033	-	
	Retained earnings	537	337	(199)	Cash dividends paid and booking of net loss
	Treasury stock	(435)	(435)	-	
	Total net assets	2,238	2,033	(205)	
Total liabilities and net assets		4,219	4,091	(127)	

Consolidated Cash Flow Position

(yen in millions)	FY5/07	FY5/08	Change
Cash flows from operating activities	313	109	(204)
Net income (loss) before income taxes	32	(223)	(255)
Decrease in trade receivables	502	275	(227)
Increase in inventories	(63)	(151)	(88)
Decrease in trade payables	(31)	(5)	26
Income taxes paid	(204)	59	263
Cash flows from investing activities	(92)	(112)	(20)
Acquisition of investment securities	(59)	(84)	(25)
Cash flows from financing activities	(434)	(42)	392
Proceeds from short-term borrowings	50	685	635
Repayment of short-term borrowings	(50)	(660)	(610)
Proceeds from corporate bond issuance	588	98	(490)
Payment for acquisition of treasury stock	(271)	-	271
Decrease in cash and cash equivalents	(199)	(53)	146
Cash and cash equivalents at end of period	1,941	1,888	(53)

Cash flow indicators

Shareholders' equity ratio (%)	53.1%	49.7%
Market cap shareholders' equity ratio (%)	102.1%	48.8%
Debt repayment multiple (years)	5.5	15.8
Interest coverage ratio	12.2	3.9

Quarterly Orders/Deliveries/Backlogs (Production on Order)



(yen in millions)	FY5/07				FY5/08			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders received	452	439	208	671	193	516	401	492
							Illuminators	326
							Image testing equipment	8
							Tester equipment	25
							Security	132
Deliveries	679	374	273	581	299	393	497	534
							Illuminators	396
							Image testing equipment	23
							Tester equipment	22
							Security	91
Order backlog	433	498	427	517	410	530	432	387
							Illuminators	264
							Image testing equipment	28
							Tester equipment	4
							Security	90

Consolidated Forecasts (FY5/09)



(yen in millions)	FY5/08 Actual		FY5/09 Forecast		YoY change (%)
	First-half	Full-year	First-half	Full-year	
Sales	692	1,724	816	1,710	(0.8)%
Operating income	(160)	(159)	(27)	65	-
Ordinary income	(199)	(226)	(44)	25	-
Net income	(140)	(169)	(31)	10	-

Non-consolidated Forecasts (FY5/09)

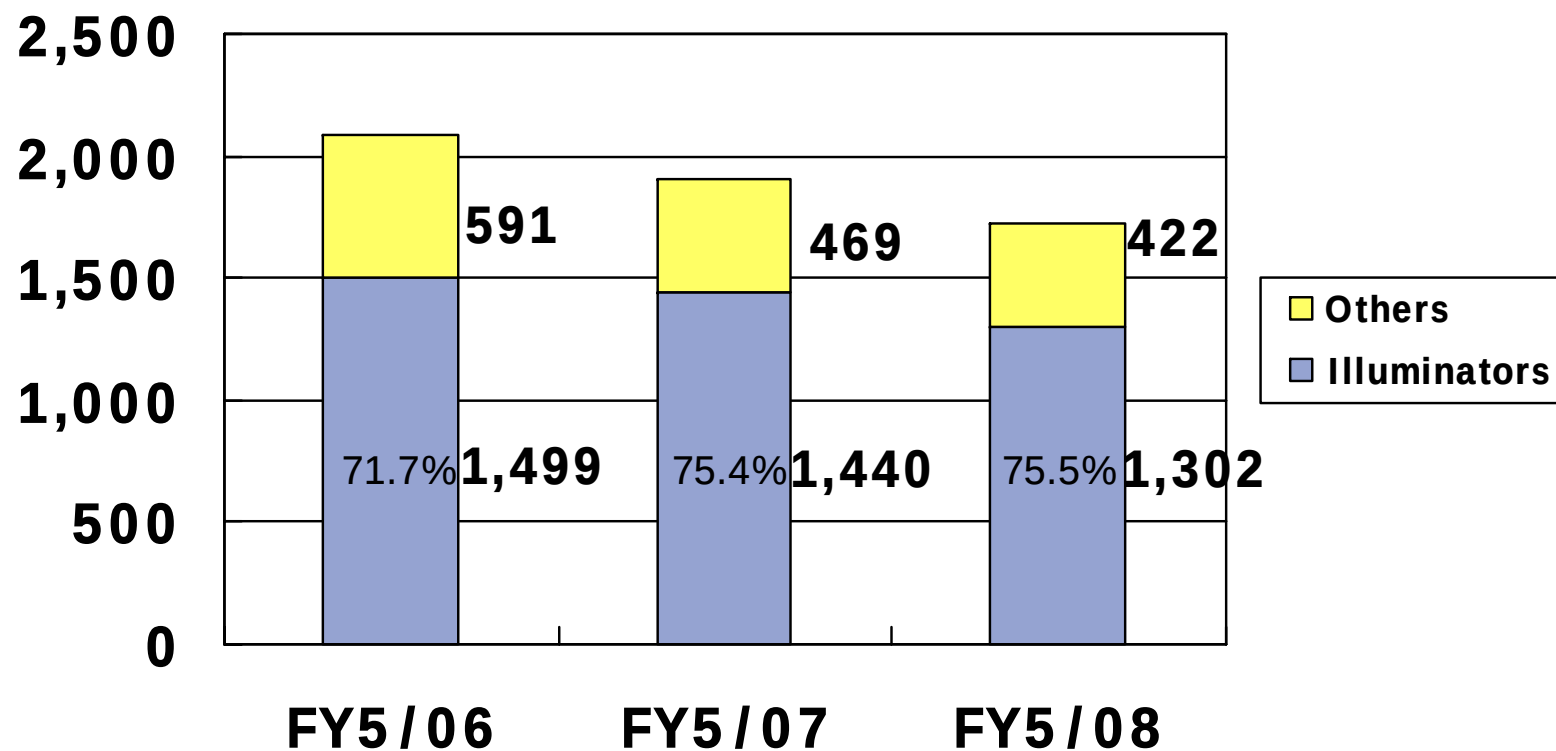


(yen in millions)	FY5/08 Actual		FY5/09 Forecast		YoY change (%)
	First-half	Full-year	First-half	Full-year	
Sales	623	1,526	699	1,592	4.3%
Operating income	(118)	(98)	(22)	71	-
Ordinary income	(153)	(158)	(35)	34	-
Net income	(95)	(127)	(22)	19	-

Business Strategies

Hideo Kiji, President

Illuminator Sales



Restoring Profitability

Initiative 1

**Reinforce organization
and sales structure**

Leverage existing optical and
image-processing technologies

**New Business
Promotion Dept.**

**Optical Ecology
Development Dept.**

- Develop and manufacture of production and testing equipment for components used in the development of new energy sources
(Have completed development and commercialization of image-testing equipment for glass substrates/Web products)
- The Kumamoto Solar Energy Park concept
(Kumamoto Prefecture)

Supplied equipment for field testing, quality enhancement and yield enhancement of solar power generation systems

Initiative 2

Subsidiary BIJ's business policy

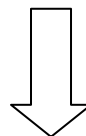
**Leverage BIJ's
technology to the full;
make sure it is not a
drag on Inter Action**

Initiative 3

Teseda's Business Policy

Teseda's DFT test system has the potential to fundamentally change semiconductor testing technology.

Massive investment in R&D is required to tap this potential



Make the maximum efforts possible with currently available technology and corporate resources



Forward-Looking Statements

These presentation materials contain information that is based on the company's current expectations, estimates and forecasts. These forward-looking statements embody known and unknown risks and uncertainties that could cause the company's actual financial condition and operating results to differ from these statements.