Summary of Financial Statements for the Year ended March 31, 2009

Company name: Sodick Co., Ltd. Stock exchange: Tokyo Stock Exchange, 2nd Section
Code number: 6143 URL: http://www.sodick.co.jp
Representative: Katsuhide Fujiwara, Representative Director; President
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Date of annual general meeting of shareholders June 26, 2009
Date of filing of consolidated financial statements June 26, 2009
Date of dividend payout —

1. Consolidated results for the year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

(Note: Amounts of less than one million yen have been omitted)

(1) Consolidated financial results (Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Year ended March 31, 2009	54,533	(27.9)	(2,512)	—	(5,717)	—	(8,527)	—
Year ended March 31, 2008	75,647	5.7	5,133	(2.1)	4,498	(31.2)	244	(93.5)

	Net income per share	Net income per share after dilution	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	¥	¥	%	%	%
Year ended March 31, 2009	(170.15)	—	(26.8)	(6.1)	(4.6)
Year ended March 31, 2008	4.62	—	0.6	4.4	6.8

Note: Equity in earnings (losses) of non-consolidated subsidiaries and affiliates

Year ended March 31, 2009: (63 million yen)
Year ended March 31, 2008: (2 million yen)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
Year ended March 31, 2009	84,351	27,401	30.3	516.38
Year ended March 31, 2008	103,967	42,748	36.6	733.52

Note: Shareholders' equity:

Year ended March 31, 2009: 25,567 million yen
Year ended March 31, 2008: 38,001 million yen

(3) Consolidated cash flows

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at the end of the period
	¥ Million	¥ Million	¥ Million	¥ Million
Year ended March 31, 2009	1,935	(7,088)	4,605	18,693
Year ended March 31, 2008	2,042	(7,133)	4,049	19,781

2. Cash dividends

Base date	Cash dividends per share					Total cash dividend paid (annual)	Payout ratio (consolidated)	Ratio of dividend paid to net assets (consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of 4th quarter	Annual			
	¥	¥	¥	¥	¥	¥ Million	%	%
Year ended March 31, 2008	—	10.00	—	10.00	20.00	1,049	432.9	2.7
Year ended March 31, 2009	—	10.00	—	0.00	10.00	495	(5.9)	1.6
Year ending March 31, 2010 (forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast for the year ending March 31, 2010 (from April 1, 2009 to March 31, 2010)

(Note: Percentages indicate changes compared with the previous 12-month or 6-month period, as applicable)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	¥
Six months to September 30, 2009	16,800	(45.7)	(2,750)	—	(2,800)	—	(2,950)	—	(59.58)
Year to March 31, 2010	39,000	(28.5)	(3,100)	—	(3,200)	—	(3,500)	—	(70.69)

4. Other information

(1) Changes in important subsidiaries during the term under review (changes in specific subsidiaries involving change in the scope of consolidation):

Newly added to the consolidation: None

Excluded from the consolidation: 1 company (Sodick Chubu Sales, Co., Ltd.)

Note: For details, see p. 9, "Corporate Group".

(2) Accounting and disclosure changes (changes referenced in "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements"):

(i) Changes due to the revision of Financial Accounting Standards：Yes

(ii) Other changes：Yes

(3) Number of shares issued and outstanding (shares of common stock)

(i) Shares issued and outstanding as of the balance sheet date (including treasury shares)

Year ended March 31, 2009: 53,432,510 shares

Year ended March 31, 2008: 53,432,510 shares

(ii) Number of treasury shares as of the balance sheet date

Year ended March 31, 2009: 3,919,716 shares

Year ended March 31, 2008: 1,626,188 shares

Note: For information on the number of shares which are the calculation basis for net income per share (consolidated), see p. 26, "Per-share information".

Note: Summary of non-consolidated results

1. Non-consolidated results for the year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

(1)Non-consolidated financial results

	Net sales		Operating income		Ordinary income		Net income	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Year ended March 31, 2009	14,614	(38.5)	(826)	—	(1,960)	—	(4,736)	—
Year ended March 31, 2008	23,762	(6.1)	1,645	(2.5)	1,723	(47.1)	672	(69.4)

	Net income per share	Net income per share after dilution
	¥	¥
Year ended March 31, 2009	(94.52)	—
Year ended March 31, 2008	12.72	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
Year ended March 31, 2009	58,876	28,728	48.7	579.55
Year ended March 31, 2008	58,455	35,983	61.5	694.32

Note: Shareholders' equity
Year ended March 31, 2009: 28,695 million yen
Year ended March 31, 2008: 35,970 million yen

Disclaimer
The above forecasts are based on currently available information and to a significant extent involve uncertainties. Actual results may differ from the forecasts discussed above owing to changes in business conditions and other factors.

1. Operating results

(1) Management discussion and analysis

The Japanese economy in the period under review was impacted by the global recession caused by the collapse of financial institutions in the U.S. in addition to rapid shifts in foreign exchange rates. This affected a wide range of industries, including manufacturing, construction and real estate. As a result, corporate profits were depressed, with economic conditions continuing to worsen as reflected in deteriorating employment and household incomes.

In this business environment, the Sodick Group concentrated on R&D and order acquisition in new products that help customers increase productivity and worked on cost reductions by drastically reviewing SG&A expenditures.

Moreover, the Group underwent wide-ranging reorganization spearheaded by the absorption of Sodick CPC Co., Ltd., a major subsidiary, and aggressively pursued operating efficiency gains. Even so, conditions for earnings remained difficult, with results falling short of original projections as the die and mold industry, a key customer, reduced its capital expenditures more than anticipated.

As a result of the foregoing, consolidated sales fell ¥21,113 million (-27.9%) on the year to ¥54,533 million, with an operating loss of ¥2,512 million (previous year: operating profit of ¥5,133 million), ordinary loss of ¥5,717 million (previous year: ordinary profit of ¥4,498 million), and net loss of ¥8,527 million (previous year: net profit of 244 million).

Performances by individual operations are discussed in the following. Notably, since segments by business operations were changed beginning with the period under review, year-earlier data shown in year-on-year comparisons have been restated based on the new format.

Machine tool operation: In the domestic market, capital investment demand remained weak in the die and mold industry, a main customer of the Group. In foreign markets, too, plummeting capital investment demand under the impact of the global recession was apparent. Compared with the previous fiscal year, sales at machine tool operations decreased ¥18,249 million, (-33.7%) to ¥35,874 million.

Industrial machinery operations: Small-size precision injection molding machines were hit in domestic and foreign markets by lower capital investment demand on the back of high raw materials prices led by crude oil in the first half of the fiscal year and due to the global financial crisis in the second half. In particular, lower Korean demand stood out, surrounded by exchange rate instability. Precision XY stages for LCD panel inspection equipment performed well in the first half thanks to a demand recovery in the LCD industry, but in the second half demand tumbled due to the global financial crisis. Compared with the previous fiscal year, sales at industrial machinery operations decreased ¥1,358 million (-10.0%) to ¥12,204 million.

Precision die and mold operations: Shipments of connectors, a main product line, declined as the economic downturn prompted production adjustments in the automotive and electrical parts industries. Compared with the previous fiscal year, sales decreased ¥1,476 million (-28.5%) to ¥3,708 million.

Food processing machinery operations: These operations include noodle production equipment, noodle production plants, refrigeration plants, and traceability systems, among others. Although demand for food processing machinery tends not to be swayed by the business cycle, compared with the previous year, sales declined ¥423 million (-17.3%) to ¥2,019 million.

Other operations: Sales of large-size fine ceramics and integrated production systems for dies and molds were stable even though fewer machine tools were sold. Compared with the previous fiscal year, sales at “Other operations” increased ¥122 million (+15.6%) to ¥903 million.

Segments by region developed as follows.

Japan: Demand in the die and mold industry, a major customer of Sodick Group, continued depressed from the previous year, the environment further worsened beginning in the second half due to the global financial crisis. Compared with the previous fiscal year, regional sales decreased ¥19,782 million (-30.3%) to ¥45,494 million.

North and South America: In North America demand came mainly from medical equipment related manufacturers, the aerospace industry, and energy development-related industries. Negative effects from the financial crisis were comparatively limited. Regional sales decreased ¥1,027 million (-23.1%) to ¥3,418 million.

Europe: In the first half, Germany and other economies showed relatively firm demand, but with the real economy in a serious decline beginning in the second half due to the global financial crisis, capital investment demand tumbled. As a result, regional sales decreased ¥1,796 million (-22.3%) to ¥6,268 million.

Asia: Beginning with the financial crisis in the second half, demand plummeted for production facilities related to consumer durables and components for U.S. final demand, with substantially lower capital investment demand from customers in China and Taiwan in the main. Regional sales fell ¥20,700 million (-44.5%) to ¥25,824 million.

(2) Analysis of financial position

(i) Assets, liabilities, and net assets

Compared with the previous fiscal year, consolidated assets as of the end of the term under review decreased ¥19,615 million to ¥84,351 million. This was mainly due to a decrease of ¥9,899 million in accounts receivable, while notes receivable reduced ¥2,991 million and inventories ¥2,806 million.

Consolidated liabilities, compared with the end of the previous fiscal year, decreased ¥4,268 million to ¥56,950 million. Main factors were a ¥9,343 million drop in notes and accounts payable and a ¥903 million fall in other accounts payable, while total interest-bearing debt comprised of short-term and long-term borrowings and bonds increased ¥6,983 million.

Net assets declined ¥15,346 million to ¥27,401 million, mainly due to a ¥8,527 million net loss for the period and ¥1,013 million in dividend payments. As a result of the foregoing, the equity ratio came to 30.3%.

(ii) Cash flows

Consolidated cash and cash equivalents (“Cash”) at the end of the period under review totaled ¥18,693million, which was ¥1,088 million (-5.5%) lower than at the end of the previous fiscal year. Main factors were with respect to operating results ¥6,914 million in pretax losses for the period, partly offset by a decrease in accounts receivable.

Consolidated cash flows for the period under review and their respective factors were as follows.

Operating cash flows: Net cash provided by operating activities was ¥1,935 million (compared with ¥2,042 million a year earlier). This was mainly due to a ¥10,718 decrease in trade receivables (a cash-increasing factor), which was partly offset by a ¥7,860 million decline in trade payables.

Investing cash flows: Net cash used in investing activities was ¥7,088 million (compared with ¥7,133 million used in investing activities a year earlier). This was mainly due to ¥3,660 million in expenses for purchase of shares in subsidiaries and affiliates and ¥3,184 million in expenses for purchases of property, plant and equipment.

Financing cash flows: Net cash provided by financing activities was ¥4,605 million (compared with ¥4,049 million a year earlier). This was mainly due to ¥9,217 million in proceeds from short-term borrowings and ¥3,739 million in expenses for redemption of long-term borrowings.

Trends in cash flow indicators of Sodick Group are shown below.

	Year to March 31, 2006	Year to March 31, 2007	Year to March 31, 2008	Year to March 31, 2009
Equity ratio (%)	35.8	40.8	36.6	30.3
Equity ratio (%) based on market capitalization	111.8	46.3	21.7	9.6
Ratio of cash flow to interest-bearing debt (years)	5.3	5.6	18.3	22.9
Interest coverage ratio (times)	11.1	16.9	3.9	3.2

Note: Equity ratio = Shareholders’ equity / total assets

Equity ratio (%) based on market capitalization = Market capitalization / total assets

Ratio of cash flow to interest-bearing debt (years) = Interest-bearing debt / operating cash flow

Interest coverage ratio = Operating cash flow / interest paid

(*) All values are calculated based on consolidated financial data.

(*) Market capitalization is calculated by multiplying the fiscal year-end closing price of the Company’s shares with the number of shares outstanding (less treasury stock) at fiscal year-end.

(*) Interest-bearing liabilities means all liabilities on the consolidated balance sheet on which interest is being paid.

(*) Operating cash flow and interest paid respectively refer to operating cash flow and interest paid as recorded on the consolidated statement of cash flows.

(3) Basic dividend policy and dividends for the current and following fiscal years

It has been the basic policy of the Company to pay stable and sustained dividends on shareholders valuable share capital while ensuring earnings retention for future business development and strengthening of the Company's capital structure. Based on this policy, the Company aims to pay income returns to shareholders reflecting a dividend-on-equity ratio (DOE) of 2% or higher, based on a comprehensive judgment of financial results and cash flows in the subject fiscal year. Earnings retentions will be applied effectively from a long-term perspective to R&D activities and capital investments with a view to continuously improve financial results. For the period under review, a term-end dividend is omitted, taking into account the Company's basic dividend policy and earning conditions. Including an interim dividend of ¥10.0 per share that has already been paid, annual dividends will total ¥10.0 per share.

As for the dividend for the following fiscal year, the market environment being difficult to predict, it is very regrettable but the dividend will be passed for the interim and end of year.

(4) Business risks

Business initiatives of Sodick Group and their conceivable main risk factors are described below. The Group is aware of the following potential risks and the Group takes steps to avoid or address should one or more of them materialize. Nonetheless, investment decisions concerning the shares of the Company require careful consideration of the matters set forth here and elsewhere in this document. Note that the following descriptions are not exhaustive and do not cover all risks that attach to investing in the shares of the Company.

Forward-looking statements contained herein reflect the judgment of Sodick Group as of the end of the term under review.

(i) Effects of the business cycle on Sodick Group

Sodick Group's business results tend to be affected by business performances and capital investment trends in industries such as home electric appliances, precision machinery, semiconductors, and automobiles, etc. In case of long-term recession, deflation, or a global economic downturn, this could impact the business performance of the Group.

(ii) Risks related to new operations

Sodick Group is structurally highly susceptible to effects from the business performance of specific industries listed in Item (i) above, making it necessary for the Group to constantly acquire new customer strata and come to market with new products. However, depending on the case, it can take time until a new product comes to be appreciated by customers and starts contributing to sales and higher earnings. If this happens, it may affect the business performance of the Group due to the expenses for research and development and sales promotion that are incurred before costs can be recovered through product sales. Current products fitting this description include nano processing machines. Nano processing machines comprise ultra-precise processing machinery that permits the processing of molds and dies for optical components requiring extreme dimensional precision and excellent surface accuracy. Machinery of this type also enables the processing of ink jet printer nozzles.

(iii) Risks from wide swings in foreign exchange rates

Overseas sales account for 52.3% of consolidated sales of Sodick Group, making the Group highly dependent on economic conditions prevailing in the respective buyer countries. Furthermore, since transactions with locally incorporated foreign subsidiaries are settled in US dollars, euros, and other foreign currencies, the financial results of the Group are in instances affected by shifts in foreign exchange rates. Especially in machine tool operations, given that 90% or more of main products are manufactured at locally incorporated subsidiaries in Thailand and China, production cost would increase if the yen were to appreciate strongly against the baht or the yuan, with possible effects on the business results of Sodick Group.

(iv) Risks affecting overseas production

As mentioned above in Item (iii) with reference to wide swings in foreign exchange rates, 90% or more of machine tool operations' main products are manufactured in Thailand and China by locally incorporated subsidiaries. Consequently, lagging economic conditions and infrastructure development in these countries or a drastic change in the political situation would make it impossible to maintain stable product supply and affect scheduled delivery dates and product quality, with effects on the business results of the Group.

(v) Risk from legal regulations

Shipment destinations for technology and product exports of Sodick Group include countries for which an export license of the Minister of Economy, Trade, and Industry is required as stipulated in Articles 25 and 48 of the Foreign Exchange and Foreign Trade Act. Although the export administration office of the Company implements rigorous checks to prevent product exports by the Group to countries that are subject to export controls, a product sale to such a country, if it were to happen, could affect business results due to legal sanctions and a loss of public confidence in the Company.

(vi) Competitive risk

Since Sodick Group has competitors in Japan and abroad, the Company is vulnerable to loss of market share if competitors by means of their technologies were to develop products that significantly exceed the scope that the Group is able to cover. Moreover, although the Group has been implementing strategies to differentiate its technology capabilities from competitors, if a price cutting offensive by competitors were to compel the Group to lower the prices for its products, this could apply downward pressure to earnings.

(vii) Procurement risk

The cost of products of the Company could be materially affected if price increases, driven by soaring crude oil prices and demand growth, were to continue in future for ferrous casts used for the machines main structure and stainless steel materials used for processing tanks, as well as for brass and copper used for consumables.

(viii) Risks from interest-bearing debt

Interest-bearing debt poses no risk of impacting the Group’s management thanks to currently strong cash flows. However, with interest-bearing debt of ¥44,300 million as of March 31, 2009, the Group’s results could be affected if interest rates were to rise going forward.

(5) Outlook for the next fiscal year

The future outlook for the Japanese economy is for continued difficult operating conditions in light of worsening corporate earnings and financial market turmoil. However, overseas economies are expected to pick up again thanks to the effects of governments’ economic stimulus measures.

As for the operating environment of the Group in the current fiscal year, domestic capital investment demand is seen to remain weak, yet overseas markets which in recent years have accounted for a rising share of the Group sales show signs of rebounding in some regions, with operating environments on a~~n~~ recovery trend.

Moreover, in the realm of manufacturing, the requirement to develop environmentally sound products as represented by hybrid cars raises hopes for future R&D capital investment surrounding environment-friendly products in a variety of fields. Thus, although there remains a need to be vigilant, business conditions should gradually improve.

Furthermore, to accommodate the rapid changes in operating environments going forward, the Group will develop a Business Improvement Plan and promote the optimization and rationalization of management resources through exhaustive cost reductions and drastic reorganization measures, aiming at a quick change to black figures.

Amid these conditions, for the fiscal year to March 2010, results estimates for the Group call for consolidated sales of ¥39,000 million (-28.5% over the year) with an operating loss of ¥3,100 million, ordinary loss of ¥3,200 million, and net loss of ¥3,500 million.

The above results forecasts are based on assumed average conversion rates during the fiscal year of JPY98/USD1.0, JPY130/EUR1.0, and JPY2.8/TBT1.0.

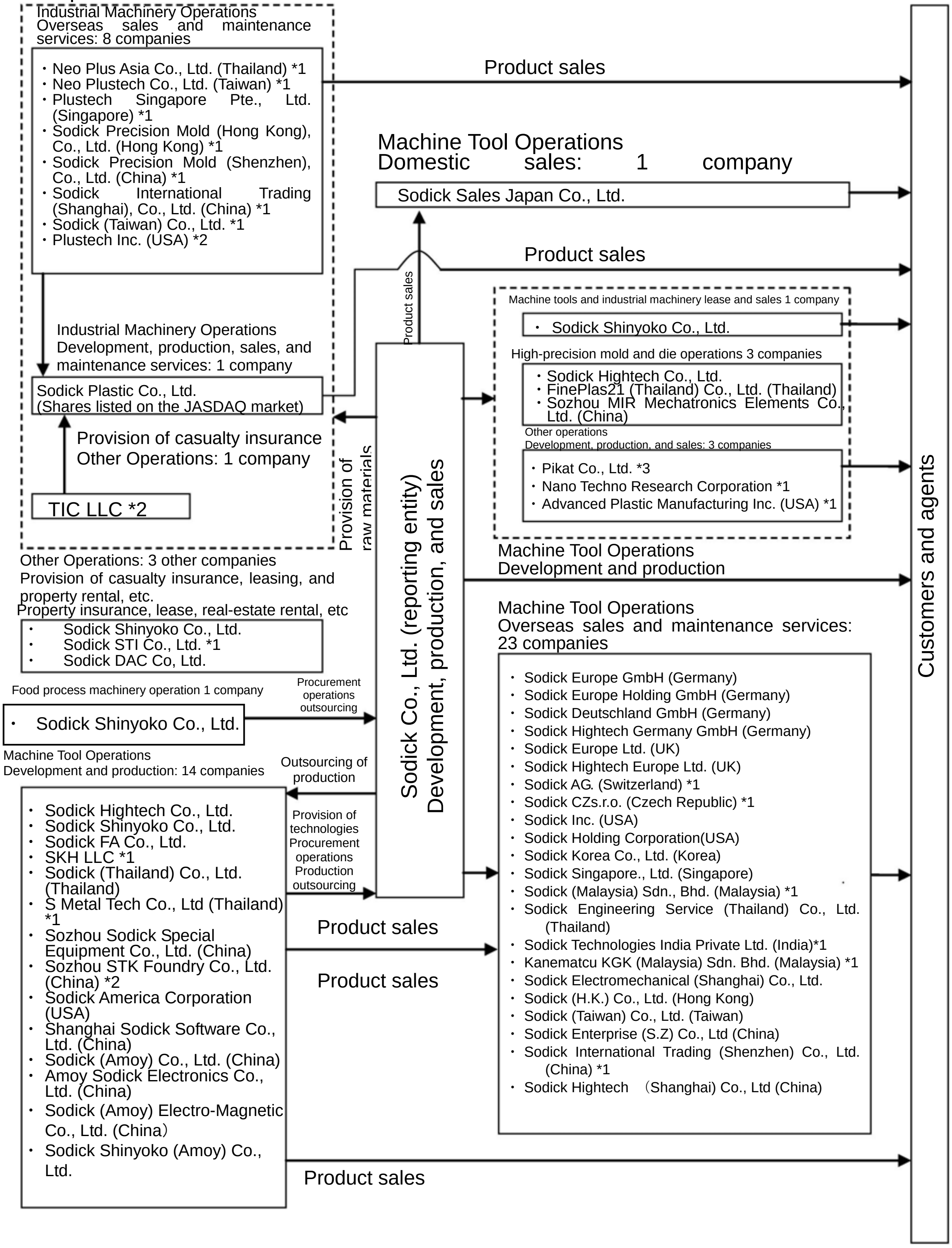
Disclaimer

The above forecasts are based on currently available information and involve known and unknown uncertainties and risks. Actual results may differ from the forecasts discussed above.

2. Corporate group

Sodick Group comprises the following operations: Machine Tool Operations engaged in the development, production, and selling of NC electrical discharge machining tools, machining centers, and nano processing machines, etc.; Industrial Machinery Operations engaged in the development, production, and selling of plastic injection molding machines and linear press machines, etc.; and Other Operations engaged in the development, production, and selling of integrated mold production systems, precision mold and die, molded plastic items, and food processing machinery, etc. Individual operations contribute to business development through their organically bonded cooperative relationships.

The chart below shows the approximate positions of the Company and its affiliates and subsidiaries with regard to individual operations.



Unmarked = Consolidated subsidiaries *2 = Affiliates not included under the equity method
*1 = Non-consolidated subsidiaries *3 =Non-consolidated subsidiaries included under the equity method

3. Management policies

(1) Basic management policies

Helping customers with their production technologies has been a basic policy of Sodick Group, whose corporate name combines the Japanese words for creation, implementation, and overcoming resistance. Under these principles, acquiring customers' confidence by finding together with customers solutions for challenging manufacturing problems is what the Group considers most important for the continuous development of its operations. By concentrating the valuable experience accumulated until today and developing new technologies and products, the Group has been able to identify a wealth of business opportunities. While preserving this corporate philosophy, we will continue at the group-level to develop products that stand out for their technological predominance and contribute to customers' objectives, in the expectation that these efforts will connect to strengthening the earning power of the Group.

(2) Target management indicators

The Company prioritizes medium and long-term income profit returns to shareholders as well as strengthening its capital structure, and has selected the ratio of consolidated ordinary income and the debt-to-equity ratio as management indicators on which these priorities are predicated. In this fiscal year, the sudden change in environment and other factors cause results lower than the target but the Company will take effort to recover quickly as possible.

Category	Numerical target
Ratio of consolidated ordinary income	10% or higher
Debt to equity ratio	0.7 or less

(3) Medium-term management strategies

The Sodick Group's field of operations comprises a variety of business activities related to manufacturing, such as NC electric discharge machining tools, a field dating back to the founding of the Company, CAD/CAM systems for designing metal dies and molds, machining centers, nano processing machines, and injection molding machines; further, for use with this machinery and equipment of the Company, operations for the production of precision mold and dies and molded plastic items; and operations for external sales of machinery and equipment applications that employ technologies developed for the manufacture of the Group's products such as fine-ceramics components and linear motors.

The Group under its concept of "Creating the Future" will further strengthen its earning power by maintaining the capability to consistently provide capital goods needed by customers for their production based on the application of core technologies accumulated by the Group in supporting customers' manufacture, and by optimizing management resources through reorganization measures. Moreover, in order to realize medium-term and long-term growth, we will develop a Business Improvement Plan and work to enhance its business basis.

In machine tool operations, the Group will focus on food processing machinery as the business field second only to industrial machinery operations. Since demand for food processing machinery tends to be less susceptible to capital investment trends than machine tools and industrial machinery operations, stable sales and earnings can be expected. Going forward, as with electric discharge machining tools, the Group aims to become a leading company for food processing machinery and expand its business operations.

(4) Issues to be addressed

Issues to be addressed by Sodick Group are discussed below.

<Dealing with economic fluctuations>

Financial results Business performance in the machine tool industry is said to be easily swayed by the direction of capital investment in the manufacturing sector. To ensure continued future growth, it is necessary for Sodick Group to create a product structure resilient to trends in regional economies by accurately identifying current conditions in individual markets around the globe and by launching product groups consistent with these markets. Moreover, with regard to product structure, by acquiring yet wider customer strata through market launches of new products that are global premieres derived from relentless research and development, the Company aims to create a stable earnings structure that is not easily affected by the ups and downs of individual industry sectors and regional economic trends.

<Addressing new markets>

Ahead of competitors, Sodick Group has upgraded and expanded its production and development bases and sales offices in the growing markets of Southeast Asia and China. As a result, the Group has made success in selling electrical discharge machining tools in these regions, and it is estimated that the market shares of the Group's products in these regions are as high as in Japan. However, in recent years, newly industrializing countries (collectively referred to as BRIC and VISTA) have been asserting themselves also in the world of manufacturing. Moreover, in Eastern Europe, Japan's car manufacturers and automotive parts companies have been pushing ahead with the construction of factories, and in India, Russia, and Eastern Europe machine tool producers have been proactively setting up sales subsidiaries and strengthening support for sales agents. The

Company believes it will be necessary to continue keenly watching market trends going forward and taking appropriate measures.

<Lowering input costs>
In manufacturing, the Group has been reviewing its production systems, including staff deployment, and at the same time promoted new product launches to address customer needs in the areas of automation and increased speed. To reduce input costs, we will continue to increase in-house production additional key components, while inventories will have to be optimized, production processes reviewed, and input cost management tightened.

<Enhancement of internal control frameworks>
Historically, to ensure perpetually continuing corporate growth, the Group has made it a policy to engage in fair management practices in order to win the trust of shareholders and other stakeholders. Moreover, for the sake of effective management amid continuing business growth, the Company has been working to establish internal control systems including risk management and compliance functions. And to promote the" Creation of internal control over financial reporting" following the legislation of the Financial Instruments and Exchange Act (the so-called J-SOX Act), the Group has taken action to enhance company-level internal control systems centered on an internal audit department. By continuing with proactive Group-level implementation of the provisions on the "Creation of internal control over financial reporting" and by strengthening controls across the group, frameworks will be designed and enhanced that are capable of ensuring the reliability and appropriateness of financial reporting.

<Financial position>
As of March 31, 2009, interest-bearing debt of Sodick Group totaled approximately ¥44,320 million. With the debt-to-equity ratio in the year period failing to fall below the target of 0.7 times, management will remain focused on the financial position. Various measures will be implemented going forward, including reducing interest-bearing debt, in order to expedite a robust financial strength enabling continuing income returns to shareholders.

4. Consolidated financial statements

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Million yen)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	19,974	18,717
Notes and accounts receivable-trade	26,117	13,226
Claims to receivables from installment sales	277	240
Inventories	20,489	—
Commodity and merchandise	—	5,997
Work-in-process	—	5,933
Raw materials and inventory	—	5,753
Deferred tax assets	1,785	174
Other current assets	2,554	2,147
Allowance for doubtful accounts	(734)	(892)
Total current assets	70,464	51,297
Fixed assets		
Tangible fixed assets		
Buildings and structures	19,084	18,732
Machinery, equipment and vehicles	13,748	12,956
Tools, fixtures and equipment	3,138	3,016
Lease assets	1,173	1,541
Land	7,077	7,052
Construction in progress	271	115
Accumulated depreciation	(17,338)	(17,765)
Total tangible fixed assets	27,155	25,649
Intangible assets		
Goodwill	1,356	2,617
Other intangible assets	898	889
Total Intangible assets	2,255	3,507
Investments and other assets		
Investment securities	2,864	1,502
Long-term loans receivable	312	1,440
Other assets	1,400	1,350
Allowance for doubtful accounts	(484)	(395)
Total Investments and other assets	4,092	3,897
Total Fixed assets	33,502	33,053
Total Assets	103,967	84,351

(Million yen)

	As of March 31, 2008	As of March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,068	5,724
Short-term loans payable	19,234	28,113
Long-term borrowings redeemable within one year	3,516	2,451
Bonds redeemable within one year	3,420	2,434
Accounts payable-other	2,021	1,118
Income taxes payable	723	—
Provision for bonuses	652	454
Provision for directors' bonuses	167	—
Provision for product warranties	242	244
Provisions for quality warranties	6	3
Other current liabilities	2,733	2,265
Total Current liabilities	47,785	42,809
Fixed liabilities		
Corporate bonds	3,560	1,226
Long-term loans payable	7,605	10,095
Provision for retirement benefits	837	944
Provision for directors' retirement benefits	169	118
Provision for product warranties	180	146
Provision for loss on guarantees	—	86
Other fixed liabilities	1,080	1,522
Total Fixed liabilities	13,433	14,140
Total Liabilities	61,219	56,950
Net assets		
Shareholders' equity		
Capital stock	20,775	20,775
Capital surplus	6,949	6,949
Retained earnings	11,230	1,698
Treasury stock	(971)	(2,135)
Total Shareholders' equity	37,984	27,288
Evaluation and conversion difference		
Unrealized gain (loss) on available-for-sale securities	249	(135)
Deferred gains or losses on hedges	(5)	(6)
Foreign currency translation adjustment	(226)	(1,579)
Total evaluation and conversion difference	16	(1,721)
Subscription rights to shares	42	71
Minority interests	4,704	1,762
Total Net assets	42,748	27,401
Total Liabilities and net assets	103,967	84,351

(ii) Consolidated Statements of income (Million yen)

	Previous Fiscal Year (Apr. 1, 2007 to Mar. 31, 2008)	Current Fiscal Year (Apr. 1, 2008 to Mar. 31, 2009)
Net Sales	75,647	54,533
Cost of sales	51,941	39,456
Gross profit	23,706	15,077
Reversal of deferral of income from installment sales	50	16
Deferral of income from installment sales	29	3
Gross profit after unrealized income deferrals	23,727	15,090
Selling, general and administrative expenses		
Personal expenses	7,350	7,037
Reversal of allowance for loan losses	82	576
Amortization of goodwill	237	375
Other	10,923	9,612
Total selling, general and administrative expenses	18,594	17,602
Operating income or operating loss	5,133	(2,512)
Non-operating income		
Interest income	182	75
Commission income	89	—
Lease income	85	69
Gain on revaluation of derivatives	99	—
Dividends income	—	71
Others	326	353
Total Non-operating income	783	570
Non-operating expenses		
Interest expenses	517	603
Foreign exchange loss	665	2,244
Equity in losses of affiliates	2	63
Loss on revaluation of derivatives	—	407
Other non-operating loss	232	457
Total non-operating expense	1,418	3,775
Ordinary income (loss)	4,498	(5,717)
Extraordinary income		
Gain on sales of fixed assets	4	15
Gain on sales of investment securities	3	84
Gain on sales of shares in subsidiaries and affiliates	0	—
Reversal of allowance for loan losses	47	105
Gain on prior period adjustment	71	37
Gain from changes in equity method	22	2
Other extraordinary income	14	50
Total extraordinary income	163	295

(Million yen)

	Previous Fiscal Year (Apr. 1, 2007 to Mar. 31, 2008)	Current Fiscal Year (Apr. 1, 2008 to Mar. 31, 2009)
Extraordinary loss		
Loss on sales of fixed assets	11	1
Loss on retirement of fixed assets	40	134
Loss on sales of investment securities	111	—
Loss from revaluation of investment securities	—	413
Loss on valuation of stocks of subsidiaries and affiliates	—	—
Loss on abandonment of inventories	318	14
Loss on valuation of inventories	177	193
Impairment loss	171	103
Loss on change in equity	851	2
Prior-year provision for product warranties	26	81
Provision for reserve for loss on guarantees	—	75
Loss from prior period adjustment	15	92
Loss from merger	65	—
Special retirement payments	—	252
Other extraordinary losses	46	125
Total extraordinary loss	1,835	1,492
Income or loss before income taxes	2,825	(6,914)
Current income taxes	1,985	459
Income taxes for prior periods	137	(104)
Deferred income taxes	69	1,718
Total income taxes	2,193	2,073
Minority interests in income or loss	388	(460)
Net income or Net loss	244	(8,527)

(iii) Consolidated statements of change in shareholders' equity (Million yen)

	Previous Fiscal Year (Apr. 1, 2007 to Mar. 31, 2008)	Current Fiscal Year (Apr. 1, 2008 to Mar. 31, 2009)
Shareholders' equity		
Capital stock		
Balance at end of previous fiscal year	20,775	20,775
Balance at end of current fiscal year	20,775	20,775
Capital surplus		
Balance at end of previous fiscal year	6,949	6,949
Changes during the current fiscal year		
Disposal of treasury stock	0	(0)
Total changes during the current fiscal year	0	(0)
Balance at end of current fiscal year	6,949	6,949
Retained earnings		
Balance at end of previous fiscal year	12,115	11,230
Changes during the current fiscal year		
Dividends	(930)	(1,013)
Changes in accounting method of affiliates	—	(53)
Reserve for the awards and welfare fund for employees of foreign subsidiaries	(196)	—
Changes in equity method	(2)	(23)
Net Income or net loss	244	(8,527)
Changes in scope of consolidation	—	84
Total changes during the current fiscal year	(885)	(9,532)
Balance at end of current fiscal year	11,230	1,698
Treasury stock		
Balance at end of previous fiscal year	(221)	(971)
Changes during the current fiscal year		
Purchase of treasury stock	(750)	(1,163)
Disposal of treasury stock	0	0
Total changes during the current fiscal year	(750)	(1,163)
Balance at end of current fiscal year	(971)	(2,135)
Total Shareholders' equity		
Balance at end of previous fiscal year	39,620	37,984
Changes during the current fiscal year		
Dividends	(930)	(1,013)
Changes in accounting method of affiliates	—	(53)
Reserve for the awards and welfare fund for employees of foreign subsidiaries	(196)	—
Changes in equity method	(2)	(23)
Net income or net loss	244	(8,527)
Changes in scope of consolidation	—	84
Acquisition of treasury stock	(750)	(1,163)
Disposal of treasury stock	0	0
Total changes during the current fiscal year	(1,635)	(10,695)
Balance at end of current fiscal year	37,984	27,288

(Million yen)

	Previous Fiscal Year (Apr. 1, 2007 to Mar. 31, 2008)	Current Fiscal Year (Apr. 1, 2008 to Mar. 31, 2009)
Valuation and translation adjustments		
Unrealized gain (loss) on available-for-sale securities		
Balance at end of previous fiscal year	485	249
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	(236)	(384)
Total changes during the current fiscal year	(236)	(384)
Balance at end of current fiscal year	249	(135)
Deferred gains or losses on hedges		
Balance at end of previous fiscal year	(5)	(5)
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	(0)	(0)
Total changes during the current fiscal year	(0)	(0)
Balance at end of current fiscal year	(5)	(6)
Foreign currency translation adjustment		
Balance at end of previous fiscal year	941	(226)
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	(1,168)	(1,352)
Total Changes during the current fiscal year	(1,168)	(1,352)
Balance at end of current fiscal year	(226)	(1,579)
Total Valuation and translation adjustments		
Balance at end of previous fiscal year	1,422	16
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	(1,405)	(1,737)
Total Changes during the current fiscal yea	(1,405)	(1,737)
Balance at end of current fiscal year	16	(1,721)
Subscription rights to shares		
Balance at end of previous fiscal year	—	42
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	42	29
Total changes during the current fiscal year	42	29
Balance at end of current fiscal year	42	71
Minority interests		
Balance at end of previous fiscal year	3,331	4,704
Changes during the current fiscal year		
Net change during the current fiscal year in items other than shareholders' equity	1,373	(2,942)
Total changes during the current fiscal year	1,373	(2,942)
Balance at end of current fiscal year	4,704	1,762

(Million yen)

	Previous Fiscal Year (Apr. 1, 2007 to Mar. 31, 2008)	Current Fiscal Year (Apr. 1, 2008 to Mar. 31, 2009)
Total Net assets		
Balance at end of previous fiscal year	44,373	42,748
Changes during the current fiscal year		
Dividends	(930)	(1,013)
Changes due to change in accounting method of foreign subsidiaries	—	(53)
Reserve for the awards and welfare fund for employees of foreign subsidiaries	(196)	—
Change in equity method	(2)	(23)
Net income or net loss	244	(8,527)
Change in scope of consolidation	—	84
Acquisition of treasury stock	(750)	(1,163)
Disposal of treasury stock	0	0
Net change during the current fiscal year in items other than shareholders’ equity	10	(4,650)
Total changes during the current fiscal year	(1,625)	(15,346)
Balance at end of current fiscal year	42,748	27,401

(iv) Consolidated statements of cash flows

(Million yen)

	Previous Fiscal Year (Apr. 1, 2007 to Mar. 31, 2008)	Current Fiscal Year (Apr. 1, 2008 to Mar. 31, 2009)
Cash flows from operating activities		
Income (loss) before income taxes	2,825	(6,914)
Depreciation	3,131	3,096
Amortization of goodwill	237	375
Change in provisions for doubtful accounts	(29)	167
Interest and dividend income	(221)	(146)
Interest expenses	517	603
Foreign exchange loss (gain)	767	1,293
Gain or loss on sales and valuation of Investment securities	108	329
Special retirement expenses	—	252
Loss (gain) on change in equity in affiliates	829	0
Loss (gain) on sale and retirement of fixed assets	46	120
Impairment loss	171	103
Gain (loss) in trade receivables	(522)	10,718
Change (gain) in inventories	(3,667)	1,231
Gain (loss) in trade payables	1,615	(7,860)
Gain (loss) in bills discounted	—	55
Gain (loss) in other accounts payable	(243)	(492)
Other operating cash flows	(288)	1,094
Subtotal	5,279	4,026
Interest and dividend income received	221	146
Interest expenses paid	(525)	(603)
Special severance payments for early retired employees paid	—	(190)
Income taxes paid	(2,933)	(1,443)
Net cash provided by operating activities	2,042	1,935
Cash flows from investing activities		
Payments into time deposits	(8)	—
Gain from return of time deposits	—	168
Expenses for purchases of property, plant, and equipment	(6,714)	(3,184)
Proceeds from sale of property, plant, and equipment	303	1,441
Expenses for purchase of intangible assets	(995)	(757)
Expenses for purchase of investment securities	(716)	(1,182)
Gain on sale of investment securities	707	1,420
Expense for purchase of shares in subsidiaries and affiliates	(220)	(3,660)
Gain from sales of affiliated companies	—	20
Proceeds from the liquidation of affiliates	484	—
Expense for call for subsidiaries and affiliated	(51)	(119)
Expenses for loans provided	(262)	(3,015)
Proceeds from loans collected	325	1,801
Other investing cash flows	14	(19)
Net cash used in investing activities	(7,133)	(7,088)

(Million yen)

	Previous Fiscal Year (Apr. 1, 2007 to Mar. 31, 2008)	Current Fiscal Year (Apr. 1, 2008 to Mar. 31, 2009)
Cash flows from financing activities		
Change in short-term borrowings	2,772	9,217
Proceeds from long-term borrowings	6,615	5,206
Expenses for redemption of long-term borrowings	(2,098)	(3,739)
Proceeds from bond issuance	—	93
Expenses for redemption of bonds	(1,420)	(3,420)
Proceeds from stock issuance to minority shareholders	242	28
Expenses for purchase of treasury shares	(750)	(1,163)
Cash dividends paid	(930)	(1,013)
Expenses for payment of finance lease obligations	(229)	(210)
Cash dividends paid to minority shareholders	(152)	(169)
Other financing cash flows	—	(225)
Net cash flows from financing activities	4,049	4,605
Effect of exchange rate changes on cash and cash equivalents	(665)	(747)
Net change in cash and cash equivalents	(1,706)	(1,295)
Cash and cash equivalents, beginning of year	21,164	19,781
Increase in cash and cash equivalents from newly consolidated or merger of subsidiaries	324	207
Net cash and cash equivalents, end of year	19,781	18,693

Year ended March 31, 2009 (from April 1, 2008 to March 31, 2009)

	Machine tool operations (¥ Million)	Industrial machinery operations (¥ Million)	High-precision mold and die machinery operations (¥Million)	Food processing machinery operations (￥Million)	Other operations (¥ Million)	Total (¥ Million)	Elimination or corporate overhead (¥ Million)	Consolidated (¥ Million)
I. Net sales and operating income								
Net Sales								
(1) Sales to outside customers	35,811	12,199	3,703	2,002	816	54,533	—	54,533
(2) Inter-segment sales or transfers	62	4	4	17	87	176	(176)	—
Total	35,874	12,204	3,708	2,019	903	54,709	(176)	54,533
Operating expenses	36,172	12,123	4,261	2,111	939	55,608	1,437	57,045
Operating income (loss)	(297)	80	(552)	(92)	(36)	(898)	(1,614)	(2,512)
II. Assets, depreciation, impairment loss and capital expenditure								
Assets	46,984	10,696	5,145	2,864	649	66,340	18,011	84,351
Depreciation	2,110	405	269	135	90	3,011	84	3,096
Impairment loss	48	54	—	—	—	103	—	103
Capital expenditure	1,803	581	291	154	28	2,859	155	3,014

Notes:

1. Criteria for determining business segments

   Business segments have been determined based on Japanese Industrial Standards and segmentation method for internal control.

2. Main products by business segment

   Machine tool operations: NC electrical discharge machining tools, machining centers, small-hole drilling machines and peripherals.

   Industrial machinery operations: Plastic injection molding machines, linear press machines, and peripherals

   High-precision mold and die machinery operations: High-precision molds, High-precision dies, processed synthetic resin products and related equipment and peripherals.

   Industrial machinery operations: Plastic injection molding machines, linear press machines, and peripherals

   Food processing machinery operations: Food processing machinery and related equipment and peripherals.

   Other operations: Integrated mold production systems, ceramic products, and related equipment and peripherals.

3. Non-allocable operating expenses

   In the term under review, non-allocable operating expenses included in eliminations or corporate overhead among operating expenses totaled ¥1,614 million, which was mostly expenses related to head office functions of the reporting entity.

4. Non-allocable assets

   In the term under review, non-allocable assets included in eliminations or corporate overhead among assets totaled ¥18,352 million, which consisted mainly of the reporting entity's surplus working capital (cash and deposits), long-term invested capital (investment securities, investment capital), and assets related to the administration division.

5. As stated in "Changes in Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements," a number of consolidated subsidiaries previously expensed as incurred the cost of free of charge warranty for machinery main units sold by these subsidiaries. Beginning with the current fiscal year, this method has been changed to accounting recognition as provision for product warranties based on the proportion of warranty expenditures to historical sales revenue.

   As a result of this change, operating profit at "Industrial machinery operations" increased ¥22 million compared with the previous method.

6. As stated in "Changes in Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements," inventories held for regular sales were previously valued at historical cost. Beginning with the current fiscal year, following the application of the Financial Accounting Standard for Inventory Valuation (Financial Accounting Standard No. 9; July 5, 2006;), the accounting method has been changed to lower cost method with carrying values adjusted for declines in sales value.

As a result of this change, the operating losses at “Machine tool operations” increased ¥20 million and operating profit at “Industrial machinery operations” decreased ¥9 million compared with the previous method

7. As stated in “Changes in Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements,” beginning with the current fiscal year, the “Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements (Practice Solutions Statement No. 18, May 17, 2006) was adopted by the Company. As a result of this change, operating losses at “Machine tool operations” and “Precision mold and dies and precision mold articles operations” increased ¥192 million and ¥0 million yen, respectively, compared with the previous method.
8. As stated in “Changes in Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements,” beginning with the current fiscal year, the Company adopted the Financial Accounting Standard for Lease Accounting (Financial Accounting Standard No. 13 (June 17, 1993 (Business Accounting Council, Dept. 1); revised March 30, 2007) and the Application Guidelines for the Financial Accounting Standard for Lease Accounting (Financial Accounting Standard Application Guideline No. 16) (January 18, 1994 (JICPA Accounting System Committee), (revised March 30, 2007). As a result of this change, operating losses increased ¥50 million at “Machine tool operations” and ¥0 million at “Precision mold and dies and precision mold articles operations,” while operating profit increased ¥11 million at “Industry machinery operations.”
9. Change in segments by type of operations
   “Precision mold and dies and precision mold articles operations” and “Food processing machinery operations,” which were previously included in “Other operations” are beginning with the current fiscal year listed separately, taking into account their growing weighting in value. As a result of this change, compared with the previous accounting method, sales at “Precision mold and dies and precision mold articles operations” increased ¥3,708 million, operating expenses ¥4,261 million, operating losses ¥552 million, assets ¥5,145 million, depreciation charges ¥269 million, and capital expenditures ¥291 million, while at “Food processing machinery operations” sales increased ¥2,019 million, operating expenses ¥2,111 million, operating losses ¥92 million, assets ¥2,864 million, depreciation charges ¥135 million, and capital expenditure ¥154 million.” Other operations” posted corresponding decreases.

b. Geographic segments

Year ended March 31, 2008							
	Japan (¥ Million)	North and South America (¥ Million)	Europe (¥ Million)	Asia (¥ Million)	Total (¥ Million)	Elimination or corporate overhead (¥ Million)	Consolidated (¥ Million)
I. Net sales and operating income							
Net Sales							
(1) Sales to outside customers	41,702	4,126	8,062	21,755	75,647	—	75,647
(2) Inter-segment sales	23,574	320	2	24,768	48,666	(48,666)	—
Total	65,277	4,446	8,065	46,524	124,313	(48,666)	75,647
Operating expenses	60,798	4,229	7,695	44,011	116,735	(46,220)	70,514
Operating income (loss)	4,478	216	369	2,512	7,578	(2,445)	5,133
II. Assets	88,906	2,522	6,230	34,502	132,161	(28,194)	103,967

Notes:

1. Criteria for determining geographic segments by country and region, and constituent principal countries and regions by geographic segment
   (1) Criteria for determining geographic segments by country and region: Geographic proximity.
   (2) Constituent principal countries and regions by geographic segment
   North and South America: The Americas
   Europe: Germany, England
   Asia: China, Taiwan, Hong Kong, Thailand, Singapore, Korea
2. Non-allocable operating expenses
   In the previous fiscal year, non-allocable operating expenses included in eliminations or corporate overhead among operating expenses totaled ¥1,456 million, which was mostly expenses related to head office functions of the reporting entity.
3. Non-allocable assets
   In the previous fiscal year, non-allocable assets included in eliminations or corporate overhead among assets totaled ¥10,891 million, which consisted mainly of the reporting entity's surplus working capital (cash and deposits), long-term invested capital (investment securities, investment capital), and assets related to the administration division.
4. As stated in "Accounting changes," the revenue recognition standard for machinery main units was changed from previously shipment to now acceptance inspection.
   Compared with the previous method, this change reduced in the Japan segment net sales by ¥303 million, operating expenses by ¥223 million, and operating profit by ¥79 million.
5. As stated in "Accounting changes," due to the revision of the Corporation Tax Law ((Law Concerning the Partial Revision of the Income Tax Law; March 30, 2007; Law No. 6) and (Ordinance Concerning the Partial Revision of the Corporation Tax Law Enforcement Order; March 30, 2007; Ordinance No. 83)), beginning with the current fiscal year the Company and its domestic consolidated subsidiaries have with respect to the depreciation method for property, plant, and equipment acquired on or after April 1, 2007, changed their accounting methods in accordance with the revised Corporation Tax Law.
   Compared with the previous accounting method, in the Japan segment this change increased operating expenses by ¥68 million and in the eliminations and overhead segment by ¥2 million, and reduced operating profit by ¥68 million in the Japan segment and by ¥2 million in the eliminations and overhead segment.
6. As stated in "Accounting changes," a number of consolidated subsidiaries previously expensed as incurred the cost of product repairs provided during free warranty periods. Beginning with the current fiscal year, this method has been changed to accounting recognition as provision for product warranties based on the proportion of warranty expenditures to historical sales revenue.
   Compared with the previous accounting method, in the Japan segment this change increased operating expenses by ¥11 million and reduced operating profit by ¥11 million.

Year ended March 31, 2009							
	Japan (¥ Million)	North and South America (¥ Million)	Europe (¥ Million)	Asia (¥ Million)	Total (¥ Million)	Elimination or corporate overhead (¥ Million)	Consolidated (¥ Million)
I. Net sales and operating income							
Net sales							
(1) Sales to outside customers	32,289	3,266	6,027	12,949	54,533	—	54,533
(2) Inter-segment sales	13,205	152	240	12,874	26,472	(26,472)	—
Total	45,494	3,418	6,268	25,824	81,006	(26,472)	54,533
Operating expenses	45,749	3,471	6,526	26,765	82,513	(25,467)	57,045
Operating Income	(254)	(52)	(257)	(941)	(1,507)	(1,005)	(2,512)
II. Assets	67,227	2,151	3,728	23,741	96,849	(12,497)	84,351

Notes:

1. Criteria for determining geographic segments by country and region, and constituent principal countries and regions by geographic segment
   (1) Criteria for determining geographic segments by country and region: Geographic proximity.
   (2) Constituent principal countries and regions by geographic segment
   North and South America: The Americas
   Europe: Germany, England
   Asia: China, Taiwan, Hong Kong, Thailand, Singapore, Korea
   2. Non-allocable operating expenses
   In the term under review, non-allocable operating expenses included in eliminations or corporate overhead among operating expenses totaled ¥1,614 million, which was mostly expenses related to head office functions of the reporting entity.
   3. Non-allocable assets
   In the term under review, non-allocable assets included in eliminations or corporate overhead among assets totaled ¥18,352 million, which consisted mainly of the reporting entity’s surplus working capital (cash and deposits), long-term invested capital (investment securities, investment capital), and assets related to the administration division.
4. As stated in “Changes of Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements,” a number of consolidated subsidiaries previously expensed as incurred the cost of free warranty for machinery main units sold by these subsidiaries. Beginning with the current fiscal year, this method has been changed to accounting recognition as provision for product warranties based on the proportion of warranty expenditures to historical sales revenue. Compared with the previous accounting method, in the Japan segment this change decreased operating losses by ¥22 million.
5. As stated in “Changes in Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements,” inventories held for regular sales were previously valued at historical cost. Beginning with the current fiscal year, following the application of the Financial Accounting Standard for Inventory Valuation (Financial Accounting Standard No. 9; July 5, 2006;), the accounting method has been changed to lower cost method with carrying values adjusted for declines in sales value.
   Compared with the previous accounting method, in the Japan segment this change increased operating losses by ¥29 million.
6. As stated in “Changes in Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements,” beginning with the current fiscal year, the “Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements (Practice Solutions Statement No. 18, May 17, 2006) was adopted by the Company. Compared with the previous accounting method, in the Asia segment this change increased operating losses by ¥192 million.
7. As stated in “Changes in Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements,” beginning with the current fiscal year, the Company adopted the Financial Accounting Standard for Lease Accounting (Financial Accounting Standard No. 13 (June 17, 1993 (Business Accounting Council, Dept. 1); revised March 30, 2007) and the Application Guidelines for the Financial Accounting Standard for Lease Accounting (Financial Accounting Standard Application Guideline No. 16) (January 18, 1994 (JICPA Accounting System Committee), (revised March 30, 2007).) Compared with the previous accounting method, in the Japan segment this change increased operating losses by ¥39 million.

c. Overseas sales

		North and South America	Europe	Asia	Total
Year ended March 31, 2008	I. Overseas sales (¥ Million)	4,600	8,984	28,904	42,489
	II. Consolidated sales (¥ Million)	—	—	—	75,647
	II. Overseas sales as percentage of consolidated sales	6.1	11.9	38.2	56.2

Notes:

1. Overseas sales refers to sales of the Company and its consolidated subsidiaries made in countries and regions other than Japan.
2. Criteria for determining geographic segments by country and region, and constituent principal countries and regions by geographic segment
   (1) Criteria for determining geographic segments by country and region: Geographic proximity.
   (2) Constituent principal countries and regions by geographic segment
   North and South America: United States, Canada, Mexico
   Europe: Germany, Russia, Italy, Turkey, France, United Kingdom
   Asia: China, Taiwan, Hong Kong, Thailand, Singapore, Korea

Year ended March 31, 2009	I. Overseas sales (¥ Million)	3,644	6,347	18,551	28,543
	II. Consolidated sales (¥ Million)	—	—	—	54,533
	III. Overseas sales as percentage of consolidated sales	6.7	11.6	34.0	52.3

Notes:

1. Overseas sales refers to sales of the Company and its consolidated subsidiaries made in countries and regions other than Japan.
2. Criteria for determining geographic segments by country and region, and constituent principal countries and regions by geographic segment
   (1) Criteria for determining geographic segments by country and region: Geographic proximity.
   (2) Constituent principal countries and regions by geographic segment
   North and South America: United States, Canada, Mexico
   Europe: Germany, Russia, Italy, Turkey, France, United Kingdom
   Asia: China, Taiwan, Hong Kong, Thailand, Singapore, Korea

Per-share information

	Year ended March 31, 2008	Year ended March 31, 2009
Net assets per share (yen)	733.52	516.38
Net income per share (yen)	4.62	170.15
Net income per share after dilution	Net income per share after dilution has been omitted since no dilutive shares have been issued.	Net income per share after dilution has been omitted since the no dilutive shares have been issued.

Note: The calculation bases for net income per share and net loss per share are described below.

	Year ended March 31, 2008	Year ended March 31, 2009
Net income (loss) (¥ Million)	244	(8,527)
Portion not attributable to shares of common stock (¥ Million)	—	—
Net income or net loss attributable to shares of common stock (¥ Million)	244	(8,527)
Average number of shares outstanding during the period (thousand shares)	52,862	50,114
Outline of share equivalents which due to the absence of dilutive effects are not included in the calculation of diluted per-share earnings.	Stock options in the form of share subscription rights issued pursuant to resolution of the ordinary general meeting of shareholders held on June 28, 2007 (Number of shares: 225 thousand).	Same as the previous fiscal year