Summary of Financial Statements for the Fiscal Year Ended March 31, 2009

May 14, 2009

Listed company name SEIKOH GIKEN Co., Ltd. Listed market JASDAQ
Code number 6834 URL http://www.seikoh-giken.co.jp
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Date of general shareholders' meeting June 19, 2009 Date of dividend payment June 22, 2009
Date of securities report submission June 22, 2009

(All amounts rounded down to the nearest million yen.)

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

(1) Consolidated business performance

(Percentage figures show the changes from the previous year.)

	Sales amount		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2009	6,426	(10.1)	(710)	–	(552)	–	(857)	–
Year ended March 31, 2008	7,148	(0.1)	(426)	–	(540)	–	(1,071)	–

	Net profit per share	Fully diluted net profit per share	Net profit ratio per shareholders' equity	Ordinary profit ratio to total assets	Operating profit ratio to sales amount
	Yen	Yen	%	%	%
Year ended March 31, 2009	(93.43)	–	(3.8)	(2.3)	(11.1)
Year ended March 31, 2008	(116.35)	–	(4.5)	(2.1)	(6.0)

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2009	23,344	21,537	92.2	2,355.04
Year ended March 31, 2008	25,115	23,136	92.1	2,514.95

(Reference) Shareholders' equity Year ended March 31, 2009 21,525 million yen Year ended March 31, 2008 23,136 million yen

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2009	779	(823)	(394)	2,218
Year ended March 31, 2008	984	347	(335)	2,857

2. Dividend status

(Base date)	Dividend per share					Gross dividend amount (annual)	Dividend propensity (consolidated)	Dividend ratio to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	End of the year	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2008	–	0.00	–	30.00	30.00	275	(25.8)	1.2
Year ended March 31, 2009	–	0.00	–	15.00	15.00	137	(16.1)	0.6
Year ending March 31, 2010 (Forecast)	–	0.00	–	15.00	15.00		0.0	

3. Forecast of consolidated business performance for the year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(Percentage figures for "Full year" show the changes from the previous year, and percentage figures for "Half year" show the changes from the previous interim period.)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	2,600	(34.6)	(240)	–	(220)	–	(220)	–	(23.96)
Full year	6,200	(3.5)	(70)	–	0	–	0	–	0.00

4. Others

(1) Transfer of important subsidiaries during the current period (Transfer of specified subsidiaries necessary to change the range of consolidation): Yes

New: 1 company (Company name: Milestone Co., Ltd.)

(Note) For details please see page 7 “Conditions of Seikoh Giken Group.”

(2) Changes in principle, procedure, display method, etc. relating to accounting procedures for the preparation of consolidated financial statements (Items to be described in the “Changes in Important Matters Used as the Base for Preparing the Consolidated Financial Statements”)

1) Changes according to the amendment of accounting standards, etc.: Yes

2) Changes other than 1): None

(Note) For details, please see page 22, “Changes in Important Matters Used as the Basis for Preparing the Consolidated Financial Statements.”

(3) Number of shares issued (common stocks)

1) Number of shares issued at the end of the year (Treasury stocks included):

[Fiscal year ended March 31, 2009] 9,333,654 shares / [Fiscal year ended March 31, 2008] 9,333,654 shares

2) Number of treasury stocks at the end of the term:

[Fiscal year ended March 31, 2009] 193,482 shares / [Fiscal year ended March 31, 2008] 134,046 shares

(Note) For the number of shares on which the net profit per share (consolidated) is calculated, please see page 28, “Information on Net Profit per Share.”

(Reference) Summary of individual business results

1. Individual business results for the fiscal year ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Individual business performance (Percentage figures show the changes from the previous term.)

	Sales amount		Operating profit		Ordinary profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2009	5,255	(14.5)	(929)	–	(593)	–	(871)	–
Year ended March 31, 2008	6,149	(0.9)	(546)	–	(697)	–	(1,137)	–

	Net profit per share	Fully diluted net profit per share
	Yen	Yen
Year ended March 31, 2009	(94.96)	–
Year ended March 31, 2008	(123.45)	–

(2) Individual financial position

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2009	23,292	21,864	93.9	2,392.17
Year ended March 31, 2008	24,956	23,075	92.5	2,508.36

(Reference) Shareholders’ equity Year ended March 31, 2009 21,864 million yen Year ended March 31, 2008 23,075 million yen

2. Forecast of consolidated business performance for the fiscal year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

(Percentage figures for “Full year” show the changes from the previous year, and percentage figures for “Half year” show the changes from the previous interim period.)

	Sales amount		Operating profit		Ordinary profit		Net profit		Net profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Half year	2,100	(36.4)	(210)	–	(190)	–	(190)	–	(20.70)
Full year	4,800	(8.7)	(130)	–	(30)	–-	(30)	–-	(3.27)

*Notes on using the business performance forecast and other special instructions

The business performance forecast figures above are based on information available as of the date of disclosure of this material, and therefore include many uncertainties. Actual results may differ from the forecast figures, depending on various factors such as changes in business conditions.

1. Business Results

(1) Analysis of business results

(Business results for the current consolidated fiscal year)

The Japanese economy during the consolidated fiscal year under review faced rapidly rising energy and raw materials costs, a slowdown in corporate exports due to stagnant overseas economies, and a strengthening slowdown in economic activity in the first half. The bankruptcy of the major US investment bank, Lehman Brothers, in September sparked a global financial crisis that led to both strengthening of the yen and falling stock prices, which caused a precipitous drop in corporate earnings during the second half of the fiscal year. This resulted in further deterioration of the employment and income environment, a rapid decline in the Japanese economy, and social problems such as massive layoffs of irregular employees.

In the information telecommunications and digital electronic appliance industries which are related to the businesses of our Company Group, we had high expectations for the shift in demand accompanying the scheduled termination of terrestrial analog broadcasting in 2011 and the special demand accompanying the Beijing Olympics held during the summer, but the uncertain future of the economy caused consumer spending to stagnate. Thus, the economic effect of increased sales, such as for high-definition flat-screen televisions and Blu-ray disc recorders, was limited.

Against this economic background, the Company Group took measures to strengthen its ability to supply socially useful products to a wide range of industries by strengthening and utilizing the precision processing and optical technologies it has developed since its founding.

In particular, the Group has been developing manufacturing technologies for lenses with high heat resistance by applying its molding and optical-related technologies since 2007 and is moving toward mass production of these lenses. To strengthen this new business, the Group accepted the allocation of new shares to a third party undertaken by Milestone Co., Ltd. in March of this year, thus acquiring a majority of the shares issued by this company and making it a subsidiary of the Group. Milestone Co., Ltd. is a venture company that possesses outstanding design know-how, such as for small, high-performance plastic lenses, and holds many patents relating to a variety of lenses. Going forward, the Group will effectively utilize the patents held by this company to expand its product lineup beyond high heat resistant lenses to include such products as high-resolution plastic lenses, while pursuing the possibilities of such new markets as portable phones with cameras, automobile on-board cameras, and security cameras, to expand the Group’s operations in businesses relating to optical devices.

With regard to the Group’s two current major businesses, the Optical Disc Mold Group, which handles mainly optical disc molds, and the Optical Communications Group, which handles mainly optical communication parts and the equipment for manufacturing them, we focused our resources on becoming a corporate group that customers prefer over the long term by supplying optimum value through the best balance between price and quality. In addition, the Group has worked hard to improve operational efficiency through selecting and concentrating on high-priority activities which included reducing costs throughout all Group companies and freezing low-priority research and development projects.

As a result of these measures, sales for the current consolidated fiscal year under review were ¥6,426,466 thousand (down 10.1% year-on-year). With regard to profit and loss, the recording of an inventory assets valuation reserve and research and development costs contributed to an operating loss of ¥710,217 thousand (an operating loss of ¥426,686 thousand in the previous year). In addition, the recording of non-operating profit from interest received and other sources resulted in an ordinary loss of ¥552,381 thousand (an ordinary loss of ¥540,353 thousand in the previous year). Furthermore, the depletion of some fixed assets, liquidation of deferred tax assets, and other measures resulted in a net loss of ¥857,716 thousand (a net loss of ¥1,071,766 thousand in the previous year).

Performance by sector was as follows.

1) Optical Disc Mold Group

Blu-ray discs can record and play high-resolution images for longer than a DVD, and consumer awareness of these discs is increasing as major home electronics manufacturers aggressively move to expand sales of Blu-ray technology products. As the market price of high-definition flat-screen televisions on which high-resolution images can be enjoyed declines, the number of new movies and Blu-ray software being released is increasing, so the environment that will allow Blu-ray discs to take off is rapidly forming.

Unfortunately, during the consolidated fiscal year under review the world economy suffered a recession and stagnant consumer spending, which halted the growth of Blu-ray discs. Demand for Blu-ray disc molds showed signs of increasing slightly during the first half, but uncertainty about future demand during the second half caused optical disc manufacturers to hold back on expanding production lines, which put further downward pressure on optical disc mold sales. Companies had further reduced manufacturing line operation rates since the end of 2008 and orders even declined for mold maintenance, which was expected to enjoy relatively stable sales.

Amid this environment, the Optical Disc Mold Group worked to build the foundation for using precision processing and precision grinding and polishing technologies to expand into a wide range of markets and focused on developing customers for molds in addition to those used for optical discs, metal part machining, and for grinding and polishing machining that requires high precision. The Group had expected the new business of high heat resistant lenses to contribute to consolidated fiscal year performance for the current year, but the launch of this business was delayed due to the slump in the market.

As a result, the Optical Disc Mold Group posted sales of ¥1,550,969 thousand (down 1.2% year-on-year) for the current consolidated fiscal year.

2) Optical Communications Group

The information flowing around the world via the Internet is used for a variety of applications including personal enjoyment, corporate business, and public services and this has spawned changing needs in pursuit of greater convenience and comfort and expanded the media handled from data communications to audio and visual contents. As optical communications networks are constructed around the world, new projects are also under way in the Japanese market and a next-generation network (NGN) that uses optical cables to provide high-quality image transmission, TV telephones, and highly reliable communications and other services started in March of last year. This increase in demand fueled strong sales during the first half for the Company's optical communications components for next-generation networks in Japan and overseas, particularly in the Asian market, due to the active installation of Fiber to the Home (FTTH).

The effects of the simultaneous global recession during the second half, however, caused a rapid decline in demand for optical communications network installation, and put the brakes on market growth. Although the demand for optical communications parts was relatively strong in China, where the government is guiding the construction of next-generation networks, a series of local companies have entered the market causing a drop in product prices and hurting sales.

Against this background, the Optical Communications Group focused on improving profitability and developing new products with greater value-added. The Group worked to lower procurement costs for components and materials, restructure production processes, change supply chains, and take other measures to build a more profitable corporate structure. Furthermore, in anticipation of the time when optical fiber cables are installed all the way to individual residences, the Group has developed and released new products, such as shuttered optical connectors that are highly dust resistant and that protect the eyes from the light, as well as HandiMate, a new type of optical connector terminal cleaner.

As a result, the Optical Communications Group posted sales of ¥4,875,497 thousand (down 12.6% year-on-year) for the current consolidated fiscal year.

Performance by region was as follows.

1) Japan

During the first half in Japan, demand for Blu-ray disc molds increased fairly well and demand for optical communications parts and optical communications devices for next-generation networks (NGN) was also strong. During the second half, however, demand for production equipment from optical disc manufacturers and investment to build optical communications infrastructure plummeted. This resulted in domestic sales of ¥3,089,534 thousand (down 7.6% year-on-year). Profits also worsened significantly due to the decline in sales, to record an operating loss of ¥1,022,131 thousand (an operating loss of ¥574,928 thousand in the previous year).

2) North America

In North America, the uncertain future caused stagnant capacity utilization at optical disc manufacturers and a decline in demand for mold maintenance and mold parts replacement. On the other hand, construction of short-range and other optical communications systems led to strong demand for optical communications components. In addition, the dollar continued to weaken in foreign exchange markets at the end of the fiscal year, which resulted in sales for North America of ¥1,161,360 thousand (down 22.5% year-on-year), and an operating profit of ¥60,093 thousand (down 20.7% year-on-year).

3) Asia

In Asia, optical disc manufacturers in Taiwan and elsewhere cut back on capital investment and demand for mold maintenance and mold parts replacement also declined. On the other hand, construction of optical communications infrastructure mainly in China increased demand for optical communications components. This resulted in sales for Asia of ¥1,128,109 thousand (up 24.6% year-on-year). Increasing the quantity of optical communications components produced improved the profitability of the China related subsidiaries, to post an operating profit of ¥178,159 thousand (up 136.9% year-on-year).

4) Europe

In Europe, purchases of production equipment by optical disc manufacturers became strong and demand for mold maintenance and mold parts replacement also increased. On the other hand, investment in optical communications equipment declined slightly and demand for optical communications components was slow. In addition, as a result of further weakening of the euro in foreign exchange markets at the end of the fiscal year, sales for Europe were ¥1,047,461 thousand (down 25.3% year-on-year). The increase in mold parts sales improved profitability, to record an operating profit of ¥11,544 thousand (an operating loss of ¥21,533 thousand in the previous year).

(Forecast for the next fiscal year)

The market environment for the year ending March 2010 (April 1, 2009 to March 31, 2010) remains uncertain despite the series of economic measures taken by countries around the world. Business capital investment, the employment environment, and consumer spending are expected to remain flat and the harsh business environment to continue.

The information communications and digital home electronics related industries to which the Company Group belongs is expected to suffer increasingly stiff competition on a global scale in a shrinking market due to a rapid decline in prices for high-definition flat-screen televisions, Blu-ray disc recorders, and other products despite the expansion in demand for these products.

Amid this business environment, the Company Group forecasts for the next consolidated financial results sales of ¥6,200 million, an operating loss of ¥70 million, an ordinary profit of ¥0, and a net profit of ¥0.

*The above forecasts are based on information available at the time, so the actual results could differ depending on changes in a variety of variables.

(2) Analysis of financial position

1) Conditions of assets, liabilities and net assets

(Assets)

The total balance of assets at the end of the current consolidated accounting year was ¥23,344,928 thousand, a reduction of ¥1,770,583 thousand from the end of the previous consolidated accounting year. The main factor for the decrease was a decrease in balances for accounts receivable and inventory assets.

(Liabilities)

The total balance of liabilities at the end of the current consolidated accounting year was ¥1,807,356 thousand, a decrease of ¥171,567 thousand from the end of the previous consolidated accounting year. The main factor for the decrease was reduced accrued liabilities.

(Net Assets)

The total balance of net assets at the end of the current consolidated accounting year was ¥21,537,571 thousand, a decrease of ¥1,599,015 thousand from the end of the previous consolidated accounting year. The main factor for the decrease was reduced retained earnings.

2) Cash flow status

The balance of cash and cash equivalents at the end of the current consolidated accounting year was ¥2,218,619 thousand, a decrease of ¥638,994 thousand from the end of the previous consolidated accounting year. The status and factors of the cash flow from respective activities are as follows:

(Cash flow from operating activities)

The fund earned from operating activities was ¥779,752 thousand (down 20.8% from the previous consolidated accounting year). The main factors for the increase in the fund from operating activities were depreciation of ¥634,016 thousand and decrease in trade accounts receivable of ¥273,216 thousand. The main factors for the decrease in the fund were a net loss before taxes and other adjustments of ¥831,756 thousand, and a decrease in accrued liabilities of ¥187,067 thousand.

(Cash flow from investing activities)

The fund used in investing activities was ¥823,111 thousand (¥347,333 thousand earned in the previous consolidated accounting year). The main factor for the increase from investing activities was ¥13,111,190 thousand in income from the repayment of a time deposit. The main factors for the decrease were ¥13,562,623 thousand in time deposit payments, and ¥426,325 thousand in payment for acquisition of tangible fixed assets.

(Cash flow from financing activities)

The fund used for financing activities was ¥394,882 thousand (up 17.6% from the previous consolidated accounting year). The main factor for the decrease in the fund from financing activities was ¥275,982 thousand in dividend payments.

(Reference) Changes in indicators related to cash flow

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Equity ratio (%)	95.2	94.2	93.5	92.1	92.2
Equity ratio on market value basis (%)	118.2	145.7	97.9	75.5	27.4
Cash flow versus ratio of interest-bearing liabilities (%)	–	–	–	–	2.7
Interest coverage ratio	–	–	–	–	2,030.6

Equity ratio: Shareholders' equity/total assets

Equity ratio on market value basis: Market capitalization/total assets

Cash flow versus ratio of interest-bearing liabilities: Interest-bearing liabilities/cash flow

Interest coverage ratio: Cash flow/interest payment

* The calculation of each indicator is based on financial figures from the consolidated accounting basis.
* Market capitalization is calculated by multiplying the closing price at the end of the term by the number of shares issued at the end of the term (after deducting treasury stocks).
* Operating cash flow is used for cash flow.
* Interest-bearing liabilities are all those liabilities of the recorded liabilities on which interest is paid.

(3) Basic policies for the allocation of earnings and dividends in the current year/next year

The Company's main policy for the distribution of profits to shareholders is to pay shareholders a stable dividend while retaining earnings to provide for future investment.

Since a net loss was recorded for the current term, however, we plan to reduce the end of term dividend to ¥15 from the ¥30 yen paid at the end of the previous period; this means that we plan to pay ¥15 per share.

The difficult business environment is expected to continue during the next period, so the Company plans to pay the same dividend of ¥15 per share at the end of the period.

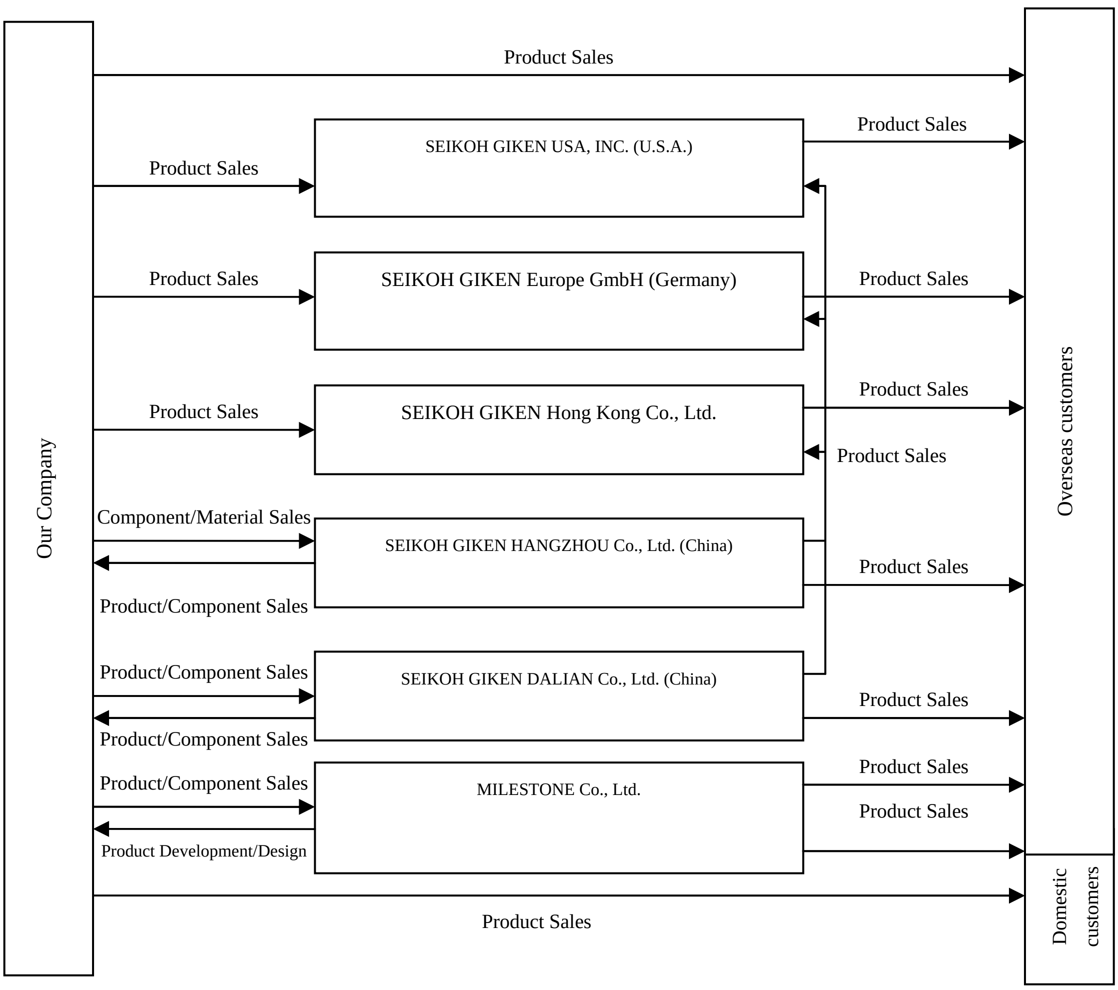
2. Conditions of Seikoh Giken Group

The core businesses of the Company Group are the Optical Mold Disc Group, which manufacturers and sells optical disc molds and other precision molds and lenses, and the Optical Communications Group, which manufactures and sells optical components used in optical communications equipment and equipment for manufacturing such components, and passive light transmission devices used in terrestrial digital broadcasting receivers and transceivers. Milestone Co., Ltd. became a new subsidiary in March of this year, which brings the total number of companies in the Company Group as of the end of the current period to seven, consisting of the Company and its six subsidiaries.

The main products of each division and the position of each company within the Company Group are given below.

Main products of each division		Companies constituting the Company Group and their functions		
Div.	Main products	Development	Manufacturing	Marketing
Optical Disc Mold Group	Molds for optical disc molding, molds for powder metallurgy molding and others	SEIKOH GIKEN Co., Ltd.	SEIKOH GIKEN Co., Ltd.	SEIKOH GIKEN Co., Ltd. SEIKOH GIKEN USA, INC. (U.S.A.) SEIKOH GIKEN EUROPE GmbH (Germany)
	Lenses	SEIKOH GIKEN Co., Ltd. MILESTONE Co., Ltd. (Japan)	SEIKOH GIKEN Co., Ltd. SEIKOH GIKEN HANGZHOU Co., Ltd. (China)	SEIKOH GIKEN Co., Ltd. MILESTONE Co., Ltd. (Japan)
Optical Communications Group	Optical connectors, optical connector cables, optical attenuators, ferrules, isolators, optical connector polishing machines and others	SEIKOH GIKEN Co., Ltd.	SEIKOH GIKEN Co., Ltd. SEIKOH GIKEN HANGZHOU Co., Ltd. (China) SEIKOH GIKEN DALIAN Co., Ltd. (China)	SEIKOH GIKEN Co., Ltd. SEIKOH GIKEN USA, INC. (U.S.A.) SEIKOH GIKEN EUROPE GmbH (Germany) SEIKOH GIKEN Hong Kong Co., Ltd. (China) SEIKOH GIKEN HANGZHOU Co., Ltd. (China) SEIKOH GIKEN DALIAN Co., Ltd. (China)
	Passive light transmission devices, Optical electric field sensors, etc.	SEIKOH GIKEN Co., Ltd.	SEIKOH GIKEN Co., Ltd.	SEIKOH GIKEN Co., Ltd.

The following is the organizational chart of the Company Group:



3. Management Policies

(1) Basic policies of corporate management

Our management philosophy is “Based on outstanding technologies and creativity, we will supply high-quality products, contribute to social development, and pursue corporate growth and employee satisfaction, while fulfilling our social responsibilities.” To achieve this philosophy, we have set up the following five management policies. We will aim to contribute to society by implementing these policies without fail and by increasing corporate value.

1) Customer satisfaction

All employees will strive to improve customer satisfaction and our products in terms of quality, price, delivery time, and services to build trust in our company.

2) Stable growth

We will aim to constantly expand by reinforcing our customer base, establishing an efficient organizational structure, and increasing per-capita employee profitability.

3) Top share of the world

From an international perspective, we will seek to create new value by promoting continued technological development and the acquisition of intellectual property. We will aim to capture the world’s top share by offering the world’s most trusted products (and brands).

4) Growth of individuals

We will support the individual growth of our employees through self-development and training, and will seek to increase the power of the organization as a whole by encouraging each employee to use their abilities to the full to deliver the best quality.

5) Social contribution

We will contribute to the creation of a better society and environment through our activities by strictly abiding by laws and regulations as a member of society, and achieve mutual prosperity with all partners around us.

(2) Management index targets

The Company realizes that it must expand existing operations and pioneer and develop new businesses to achieve the stable growth of profitable operations. The Company will aim to build a more efficient and highly stable business foundation by focusing on the value-added structure and labor productivity of each business while also effectively using management resources and proactively investing in businesses.

(3) Issues to be addressed by the Company and management strategies in the medium and long terms

The Company Group is undertaking the “SGTOP2008” 3-year mid-term business plan that concludes the period ending March 2011, but the global recession triggered by the financial crisis has caused us to miss the target for the first year, which is the current fiscal year. As the market environment is expected to remain difficult, it has now become difficult to meet the targets of ¥20 billion in consolidated sales and ¥4 billion in consolidated operating profit set for the period ending March 2011 as part of “SGTOP2008.”

Amid this background, the Company Group is addressing the following issues from a long-term perspective to build a strong foundation that will produce stable results in any business environment and continuously improve Company value, guided by the Company vision to “create new value using precision processing and optical technologies.”

1) Improvement of business profitability

During the current consolidated year, Company Group experienced a decrease in sales due to the deteriorating economic environment and sharp fluctuations in the foreign exchange markets and this, coupled with high investment in research and development to establish new businesses resulted in a net loss for the second straight year. It is indispensable for the Company Group to continue investing in research and development to continuously improve value over the long term. At the same time, the Company Group must also make sufficient profits to invest for the future in its existing core businesses and to compensate its shareholders. To accomplish this, the Company will must strengthen its sales ability to accurately identify customer needs and offer attractive products, its technological development ability to create high-valued-added new products and technologies ahead of its competitors, and its manufacturing ability to produce products with stable quality faster and more cheaply, while continuously improving the profitability of operations by thoroughly eliminating unnecessary costs.

2) Growth of existing businesses

During the development of business over the 37 years since the founding of the Company Group, the Company has utilized its core technologies of precision grinding and polishing, precision processing, and assembly to provide the market with optical disc molds, optical communications components, the equipment for producing those components, and other products. These have been highly praised and trusted by customers for their quality and performance and several of our products have captured the top share of the global market. However, over the medium and long term we are concerned whether optical discs will remain the superior recording media and about the difficulty in significantly improving the profitability of optical communications components due to the structure of the market. For this reason, for existing businesses we are looking to quickly identify trends in peripheral markets where we can apply our technologies and are actively cultivating alliances outside the Company to develop superior products and technologies, develop markets, and expand the scope of our businesses into fields with higher added value.

3) Development of new businesses

Our Company Group has only two businesses, the Optical Disc Mold Group and the Optical Communications Group, which comprise the basis of our profit. However, both of these are greatly affected by our clients' capital investment. Therefore, to increase our profitability in a stable manner, we must establish third and fourth core businesses, and so we have continued to invest in the development of many business plans, targeting various markets. During the current consolidated year we focused our development proposals on "commercialization" and selected and concentrated the use of resources. As part of this initiative the Company made a subsidiary of Milestone Co., Ltd., which possesses excellent design technology for a wide range of lenses, to strengthen our high heat resistant lenses which are the core of our optical device business. Going forward, we will strive to develop new businesses so that they will quickly contribute to Company profitability.

4) Human resources development and enhancement

Market needs change as technology progresses. To continue to supply products that lead social development in the market, grasping changes before other companies, we must hire eager, competent staff who can forecast changes and actively adjust to situations. Meanwhile, to maintain the originality of our Company Group, we must transfer to the next generation our skills and technologies that distinguish us from other companies. We systematically train human resources to raise the skills of our employees and effectively transfer core technologies. Furthermore, we will regularly hire staff with high potential. We believe that corporate added value can only be created by human resources, and therefore we will enhance our human resources both through hiring and training with long- and short-term perspectives.

5) Social contribution

Our Company Group seeks to provide society with new values through our precision processing and optical technologies. We are also committed to stably enhancing our value to stakeholders in the Company Group including all shareholders, customers, employees, and their families. To do this, we conduct quality control of our products based on the ISO9001 standards, and continuously maintain and improve the environment based on the ISO14001 standards. We also systematically control internal information based on the ISO27001 standards. We will also thoroughly implement the internal control system to ensure that our activities operate in a legal, accurate and efficient manner, and will establish a corporate structure in which operational results can be correctly and efficiently attained.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2008)	Current Consolidated Accounting Year (As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	13,984,423	13,796,969
Notes receivable and trade accounts receivable	1,845,576	1,414,526
Inventory assets	1,294,853	–
Merchandise and products	–	195,104
Work-in-process	–	385,094
Raw materials and supplies	–	411,717
Accrued refund of corporation tax	68,395	17,790
Others	329,767	242,964
Bad debt allowance	(6,005)	(5,000)
Total current assets	17,517,010	16,459,167
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,458,047	4,333,845
Accumulated depreciation	(1,941,999)	(2,092,483)
Buildings and structures (net value)	2,516,048	2,241,362
Mechanical equipment and vehicles	2,583,250	2,429,688
Accumulated depreciation	(1,734,279)	(1,822,423)
Mechanical equipment and vehicles (net value)	848,970	607,265
Land	2,211,508	2,211,508
Others	1,866,409	2,006,206
Accumulated depreciation	(1,173,260)	(1,379,992)
Others (net value)	693,149	626,213
Total tangible fixed assets	6,269,677	5,686,349
Intangible fixed assets		
Goodwill	162,964	89,936
Others	130,935	87,814
Total Intangible fixed assets	293,899	177,751
Investment and other assets		
Investment securities	23,730	13,553
Investment real estate assets	886,100	876,999
Others	126,690	132,703
Bad debt allowance	(1,597)	(1,597)
Total investment and other assets	1,034,924	1,021,659
Total fixed assets	7,598,501	6,885,761
Total assets	25,115,511	23,344,928

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2008)	Current Consolidated Accounting Year (As of March 31, 2009)
Liabilities		
Current liabilities		
Trade accounts payable	395,398	449,504
Long-term debt due within one year	–	20,880
Accrued corporate taxes and others	56,392	31,064
Others	920,197	694,493
Total current liabilities	1,371,988	1,195,942
Fixed liabilities		
Allowance for retirement benefits	269,076	297,932
Long-term accrued liabilities	149,126	148,814
Guarantee deposit received	164,191	145,630
Deposit key money	19,037	19,037
Others	5,504	–
Total fixed liabilities	606,936	611,414
Total liabilities	1,978,924	1,807,356
Net Assets		
Shareholders' equity		
Capital	6,791,682	6,791,682
Capital surplus	10,571,419	10,571,419
Retained earnings	5,986,363	4,880,104
Treasury stocks	(370,462)	(427,107)
Total shareholders' equity	22,979,003	21,816,099
Valuation/conversion differentials and others		
Differential from valuation of securities	1,814	(4,840)
Foreign exchange translation adjustment	155,770	(285,796)
Total of valuation/conversion differentials and others	157,584	(290,637)
Minority interests	–	12,109
Total net assets	23,136,587	21,537,571
Total Liabilities/Net Assets	25,115,511	23,344,928

(2) Consolidated Income Statement

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Sales Amount	7,148,820	6,426,466
Cost of Sales	4,898,098	4,523,606
Gross Profit	2,250,721	1,902,860
Selling, General and Administrative Expenses	2,677,408	2,613,077
Operating (Loss)	(426,686)	(710,217)
Non-Operating Income		
Interest received	96,897	98,535
Dividends received	227	396
Invested real estate rent income	39,434	38,400
Patent royalties	22,038	–
Royalties received	–	13,078
Foreign exchange gains	–	15,467
Profit on sale of scrap materials	26,957	-
Others	18,556	24,408
Total non-operating income	204,111	190,286
Non-Operating Expenses		
Interest expenses	–	374
Cost of real estate rent income	15,957	14,412
Foreign exchange loss	140,814	–
Derivative appraisal loss	–	14,873
Loss on retirement of inventory assets	147,150	–
Others	13,856	2,791
Total non-operating expenses	317,778	32,451
Ordinary (Loss)	(540,353)	(552,381)
Extraordinary Profit		
Gain on sale of fixed assets	7,137	102
Reversal of allowance for bad debts	68	74
Total extraordinary profit	7,205	176
Extraordinary Loss		
Loss on devaluation of fixed assets	6,407	6,712
Loss on sale of fixed assets	660	–
Impairment loss	283,915	270,240
Loss on devaluation of investment securities	4,108	2,599
Total extraordinary loss	295,091	279,551
Net (Loss) before Taxes and Other Adjustments	(828,239)	(831,756)
Corporate Taxes, Local and Enterprise Taxes	48,919	61,026
Adjustment to Corporate Taxes	194,607	48,370
Total Corporate Taxes	243,527	109,397
Minority Shareholders' (Loss)	–	(83,437)
Net (Loss)	(1,071,766)	(857,716)

(3) Statement of Changes in Consolidated Shareholders' Equity

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Shareholders' Equity		
Capital		
Balance at the end of the previous period	6,791,682	6,791,682
Change during the current period		
Total change during the current period	–	–
Balance at the end of the current period	6,791,682	6,791,682
Capital surplus		
Balance at the end of the previous period	10,571,419	10,571,419
Change during the current period		
Total change during the current period	–	–
Balance at the end of the current period	10,571,419	10,571,419
Retained earnings		
Balance at the end of the previous period	7,335,020	5,986,363
Changes accompanying revision of the accounting method in the foreign subsidiaries	–	27,445
Change during the current period		
Dividend of surplus	(276,890)	(275,988)
Net (loss)	(1,071,766)	(857,716)
Total change during the current period	(1,348,657)	(1,133,704)
Balance at the end of the current period	5,986,363	4,880,104
Treasury stocks		
Balance at the end of the previous period	(309,876)	(370,462)
Change during the current period		
Purchase of treasury stocks	(60,586)	(56,645)
Total change during the current period	(60,586)	(56,645)
Balance at the end of the current period	(370,462)	(427,107)
Total shareholders' equity		
Balance at the end of the previous period	24,388,246	22,979,003
Changes accompanying revision of the accounting method in the foreign subsidiaries	–	27,445
Change during the current period		
Dividend of surplus	(276,890)	(275,988)
Net (loss)	(1,071,766)	(857,716)
Purchase of treasury stocks	(60,586)	(56,645)
Total change during the current period	(1,409,243)	(1,190,349)
Balance at the end of the current period	22,979,003	21,816,099

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Valuation/Conversion Differentials and Others		
Other marketable securities valuation difference		
Balance at the end of the previous period	7,705	1,814
Change during the current period		
Change in items other than shareholders' equity (net value)	(5,890)	(6,655)
Total change during the current period	(5,890)	(6,655)
Balance at the end of the current period	1,814	(4,840)
Foreign exchange translation adjustment		
Balance at the end of the previous period	114,912	155,770
Change during the current period		
Change in items other than shareholders' equity (net value)	40,857	(441,566)
Total change during the current period	40,857	(441,566)
Balance at the end of the current period	155,770	(285,796)
Total of valuation/conversion differentials and others		
Balance at the end of the previous period	122,617	157,584
Change during the current period		
Change in items other than shareholders' equity (net value)	34,966	(448,221)
Total change during the current period	34,966	(448,221)
Balance at the end of the current period	157,584	(290,637)
Minority Interests		
Balance at the end of the previous period	–	–
Change during the current period		
Change in items other than shareholders' equity (net value)	–	12,109
Total change during the current period	–	12,109
Balance at the end of the current period	–	12,109
Total Net Assets		
Balance at the end of the previous period	24,510,864	23,136,587
Changes accompanying revision of the accounting method in the foreign subsidiaries	–	27,445
Change during the current period		
Dividend of surplus	(276,890)	(275,988)
Net (loss)	(1,071,766)	(857,716)
Purchase of treasury stocks	(60,586)	(56,645)
Change in items other than shareholders' equity (net value)	34,966	(436,111)
Total change during the current period	(1,374,276)	(1,626,461)
Balance at the end of the current period	23,186,587	21,537,571

(4) Consolidated Cash Flow Statement

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Cash Flow from Operating Activities		
Net (loss) before taxes and other adjustments	(828,239)	(831,756)
Depreciation expenses	634,663	634,016
Depreciation of goodwill	165,214	72,994
Impairment loss	283,915	270,240
Interest received and dividends received	(97,125)	(98,932)
House rent income	(39,434)	(38,400)
Miscellaneous income	(1,225)	–
Profit on sale of fixed assets	(7,137)	(102)
Loss on sale of fixed assets	660	–
Loss on retirement of fixed assets	6,407	6,712
(Loss) on devaluation of investment securities	4,108	2,599
Loss on retirement of inventory assets	147,150	–
Increase/(decrease) in bad debt allowance	(2,008)	(300)
Increase/(decrease) long-term accrued liabilities	556	(199)
Increase/ (decrease) in allowance for retirement benefit	25,568	28,855
(Gain) or loss on valuation of foreign currency deposit	37,150	(106)
(Increase)/decrease in trade accounts receivable	(153,060)	273,216
(Increase)/decrease in inventory assets	308,810	195,927
(Increase)/decrease in other current assets	218,767	157,001
(Increase)/decrease in trade accounts payable	175,309	247,766
(Increase)/decrease in other current liabilities	81,356	(260,727)
Subtotal	961,409	658,804
Interest and dividends received	62,437	101,116
Refund of corporate taxes and others	70,856	51,273
Payment of corporate taxes and others	(110,006)	(31,441)
Cash flow from operating activities	984,695	779,752
Cash Flow from Investing Activities		
Payment into time deposit	(11,440,880)	(13,562,623)
Income from repayment of time deposit	12,310,899	13,111,190
Payment for acquisition of tangible fixed assets	(627,953)	(426,325)
Income from sale of tangible fixed assets	86,909	16,363
Payment for acquisition of intangible fixed assets	(10,923)	(8,755)
Payment for acquisition of investment securities	(7,640)	(306)
Income from acquisition of subsidiary shares accompanying change in scope of consolidation	–	60,411
House rent income	39,434	38,400
Payment for other investing activities	(5,639)	(3,562)
Income from other investing activities	3,127	2,095
Payment of loans receivable	–	(50,000)
Cash flow from investing activities	347,333	(823,111)

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Cash Flow from Financing Activities		
Payment for purchase of treasury stocks	(60,586)	(56,645)
Expenditure from repayment of long-term debt	–	(62,255)
Payment of dividends	(275,217)	(275,982)
Cash flow from financing activities	(335,803)	(394,882)
Conversion Differentials Related to Cash and Cash Equivalents	(26,124)	(200,752)
Increase/(decrease) in Cash and Cash Equivalents	970,101	(638,994)
Balance of Cash and Cash Equivalents at the Beginning of the Period	1,887,512	2,857,613
Balance of Cash and Cash Equivalents at the End of the Period	2,857,613	2,218,619

(Segment Information)

a. Segment Information by Business Type

Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)

(Unit: Thousands of yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Profit or (Loss)					
Sales Amount					
(1) Sales amount to external customers	1,569,535	5,579,284	7,148,820	–	7,148,820
(2) Internal sales amount or transfer amount between segments	–	–	–	–	–
Total	1,569,535	5,579,284	7,148,820	–	7,148,820
Operating Expenses	1,851,728	5,723,778	7,575,506	–	7,575,506
Operating (Loss)	(282,192)	(144,493)	(426,686)	–	(426,686)
II. Assets, Depreciation Expenses, Impairment Loss and Capital Expenditure					
Assets	1,787,369	5,800,270	7,587,640	17,527,871	25,115,511
Depreciation Expenses	82,832	493,332	576,165	223,619	799,877
Impairment Loss	–	283,915	283,915	–	283,915
Capital Expenditure	16,096	266,519	282,616	302,798	585,414

Notes: 1. The business category is defined in consideration of the product group and market similarity.

2. Main products by business category

(1) Optical Disk Mold Group: Molds for optical disc molding, molds for powder metallurgy molding and others

(2) Optical Communications Group: Optical connectors, optical connector cables, optical attenuators, ferrules, isolators, optical connector polishing machines and others

3. The company-wide asset figure included in the “Elimination or Company-total” item out of the total assets is ¥17,527,871 thousand and its main components are surplus investment funds (cash and deposits) and assets related to administrative organization of the Company.

4. Changes in accounting principles

Changes in depreciation method applied to tangible fixed assets

As noted in the “Important Matters Used as the Basis for Preparing the Consolidated Financial Statements,” in accordance with the revision in the Corporate Tax Law, our depreciation method has been changed to the method under the revised Corporate Tax Law from the current consolidated accounting year. The new method is applied to tangible fixed assets acquired after April 1, 2007. Accordingly, in comparison with the old method, both operating expenses and operating loss for the current consolidated accounting year increased by ¥6,577 thousand in the Optical Disc Mold Group and by ¥9,857 thousand in the Optical Communications Group, respectively under the new method.

5. Additional information

As noted in the “Important Matters Used as the Basis for Preparing the Consolidated Financial Statements,” in accordance with the revision in the Corporate Tax Law, for an asset acquired before March 31, 2007, the difference between the value equal to 5% of the acquisition price and its memorandum price is evenly depreciated over five years from the next consolidated accounting year when the value of an asset is depreciated to 5% of the acquisition price, and the amount is recorded in depreciation under the old Corporate Tax Law. Accordingly, in comparison with the old method, both operating expenses and operating loss for the current consolidated accounting year increased by ¥5,500 thousand in the Optical Disc Mold Group and by ¥3,976 thousand in the Optical Communications Group, respectively under the new method.

Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)

(Unit: Thousands of yen)

	Optical Disk Mold Group	Optical Communications Group	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Profit or (Loss)					
Sales Amount					
(1) Sales amount to external customers	1,550,969	4,875,497	6,426,466	-	6,426,466
(2) Internal sales amount or transfer amount between segments	–	–	-	-	-
Total	1,550,969	4,875,497	6,426,466	-	6,426,466
Operating Expenses	2,109,513	5,027,170	7,136,684	-	7,136,684
Operating (Loss)	(558,544)	(151,672)	(710,217)	-	(710,217)
II. Assets, Depreciation Expenses and Capital Expenditure					
Assets	2,006,370	4,714,254	6,720,625	16,624,303	23,344,928
Depreciation Expenses	211,699	316,690	528,389	178,621	707,011
Impairment Loss	153,963	21,547	175,510	94,729	270,240
Capital Expenditure	206,915	161,565	368,481	29,646	398,127

Notes: 1. The business category is defined in consideration of the product group and market similarity.

2. Main products by business category

(1) Optical Disk Mold Group: Molds for optical disc molding, molds for powder metallurgy molding and others

(2) Optical Communications Group: Optical connectors, optical connector cables, optical attenuators, ferrules, isolators, optical connector polishing machines and others

3. The company-wide asset figure included in the “Elimination or Company-total” item out of the total assets is ¥16,624,303 thousand and its main components are surplus investment funds (cash and deposits) and assets related to administrative organization of the Company.

4. Changes in the method of accounting procedures

(Accounting standards related to valuation of inventory assets)

As indicated in 4 of “Important Matters Used as the Basis for Preparing the Consolidated Financial Statements,” starting from the current consolidated accounting year, “Accounting standards related to valuation of inventory assets” (Corporate accounting standard No. 9, July 5, 2006) is applied. The effects of this change on the current consolidated accounting year are an increase in the operating loss for the Optical Disk Mold Group of ¥4,814 thousand and for the Optical Communications Group of ¥48,613 thousand.

b. Segment Information by Location

Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)

(Unit: Thousands of yen)

	Japan	North America	Asia	Europe	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Profit or (Loss)							
Sales Amount							
(1) Sales amount to external customers	3,341,879	1,498,441	905,739	1,402,760	7,148,820	–	7,148,820
(2) Internal sales amount or transfer amount between segments	2,744,406	11,092	1,672,639	783	4,428,921	(4,428,921)	–
Total	6,086,285	1,509,534	2,578,378	1,403,543	11,577,742	(4,428,921)	7,148,820
Operating Expenses	6,661,213	1,433,788	2,503,187	1,425,077	12,023,266	(4,447,759)	7,575,506
Operating Profit or (Loss)	(574,928)	75,745	75,191	(21,533)	(445,524)	18,837	(426,686)
II. Assets	5,101,700	702,260	2,414,275	647,058	8,865,294	16,250,217	25,115,511

Notes: 1. The category of country or territory is based on geographical proximity.

2. Details of countries and territories belonging to categories other than Japan are as follows:

(1) North America: U.S.A.

(2) Asia: China, Taiwan

(3) Europe: Germany

3. The company-wide asset amount included in the “Elimination or Company-total” item out of the total assets is ¥17,527,871 thousand and its main components are surplus funds for investment (cash and deposits) and assets related to administrative organization of the Company.

4. Changes in accounting principles

Changes in depreciation method applied to tangible fixed assets

As noted in the “Important Matters Used as the Basis for Preparing the Consolidated Financial Statements,” in accordance with the revision in the Corporate Tax Law, our depreciation method has been changed to the method under the revised Corporate Tax Law from the current consolidated accounting year. The new method is applied to tangible fixed assets acquired after April 1, 2007. Accordingly, in comparison with the old method, both operating expenses and operating loss for the current consolidated accounting year increased by ¥16,434 thousand in Japan under the new method.

5. Additional information

As noted in the “Important Matters Used as the Basis for Preparing the Consolidated Financial Statements,” in accordance with the revision in the Corporate Tax Law, for an asset acquired before March 31, 2007, the difference between the value equal to 5% of the acquisition price and its memorandum price is evenly depreciated over five years from the next consolidated accounting year when the value of an asset is depreciated to 5% of the acquisition price, and the amount is recorded in depreciation under the old Corporate Tax Law. Accordingly, in comparison with the old method, both operating expenses and operating loss for the current consolidated accounting year increased by ¥9,476 thousand in Japan under the new method.

Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)

(Unit: Thousands of yen)

	Japan	North America	Asia	Europe	Total	Elimination or Company-total	Consolidated
I. Sales Amount and Operating Loss							
Sales Amount							
(1) Sales amount to external customers	3,089,534	1,161,360	1,128,109	1,047,461	6,426,466	–	6,426,466
(2) Internal sales amount or transfer Amount between segments	2,130,149	13,140	1,401,293	449	3,545,033	(3,545,033)	–
Total	5,219,683	1,174,501	2,529,403	1,047,911	9,971,499	(3,545,033)	6,426,466
Operating Expenses	6,241,815	1,114,407	2,351,244	1,036,367	10,743,834	(3,607,149)	7,136,684
Operating Profit or (Loss)	(1,022,131)	60,093	178,159	11,544	(772,334)	62,116	(710,217)
II. Assets	6,445,644	479,471	2,174,610	424,392	9,524,119	13,820,809	23,344,928

Notes: 1. The category of country or territory is based on geographical proximity.

2. Details of countries and territories belonging to categories other than Japan are as follows:

(1) North America: U.S.A.

(2) Asia: China, Taiwan

(3) Europe: Germany

3. The company-wide asset amount included in the “Elimination or Company-total” item out of the total assets is ¥16,624,303 thousand and its main components are surplus funds for investment (cash and deposits) related to administrative organizations.

4. Changes in the method of accounting procedures

(Accounting standards related to valuation of inventory assets)

As indicated in 4 of “Changes in principle, procedure, display method, etc. relating to accounting procedures for the preparation of quarterly consolidated financial statements,” starting from the current consolidated first quarter, “Accounting standards related to valuation of inventory assets” (Corporate accounting standard No. 9, July 5, 2006) is applied. Accordingly, operating loss for the current consolidated accounting year increased by ¥53,427 thousand in Japan under the new method.

c. Overseas Sales Amount

Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)

(Unit: Thousands of yen)

	America and Regions	Europe and Regions	Asia and Other Regions	Total
I. Overseas sales amount	1,498,441	1,466,874	1,193,528	4,158,844
II. Consolidated sales amount	–	–	–	7,148,820
III. Overseas sales amount ratio to consolidated sales amount	21.0%	20.5%	16.7%	58.2%

Notes: 1. The category of country or territory is based on geographical proximity.
2. Details of countries and territories belonging to categories other than Japan are as follows:
(1) North America: U.S.A.
(2) Asia: China, Taiwan
(3) Europe: Germany
3. Overseas sales amount means the sales amount of our Company and consolidated subsidiaries in countries and territories other than Japan.

Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)

(Unit: Thousands of yen)

	America and Regions	Europe and Regions	Asia and Other Regions	Total
I. Overseas sales amount	1,161,360	1,088,288	1,306,093	3,555,742
II. Consolidated sales amount	–	–	–	6,426,466
III. Overseas sales amount ratio to consolidated sales amount	18.1%	16.9%	20.3%	55.3%

Notes: 1. The category of country or territory is based on geographical proximity.
2. Details of countries and territories belonging to categories other than Japan are as follows:
(1) North America: U.S.A.
(2) Asia: China, Taiwan
(3) Europe: Germany
3. Overseas sales amount means the sales amount of our Company and consolidated subsidiaries in countries and territories other than Japan.

5. Individual Financial Statements

(1) Balance Sheet

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2008)	Current Consolidated Accounting Year (As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	12,944,976	12,784,413
Notes receivable	141,550	211,630
Trade accounts receivable	1,726,964	924,610
Inventory - goods	21	–
Inventory - products	16,771	–
Goods and products	–	7,487
Work in process	512,662	302,211
Raw materials	240,028	–
Supplies	15,913	–
Raw materials and supplies	–	201,489
Prepaid expenses	3,414	2,935
Accrued corporate taxes and others	68,395	17,790
Accrued revenue	293,939	163,336
Deferred tax assets	56,886	3,762
Accrued consumption tax and others	92,565	69,295
Short-term loan to affiliated companies	70,000	–
Others	64,008	60,107
Bad debt allowance	(450)	(260)
Total current assets	16,247,648	14,748,810
Fixed Assets		
Tangible fixed assets		
Buildings	3,952,266	3,897,553
Accumulated depreciation	(1,762,244)	(1,897,800)
Buildings (net value)	2,190,021	1,999,752
Structures	185,725	185,548
Accumulated depreciation	(134,677)	(142,410)
Structures (net value)	51,048	43,138
Machinery and equipment	1,575,771	1,573,209
Accumulated depreciation	(1,258,792)	(1,337,294)
Machinery and equipment (net value)	316,978	235,915
Vehicles	21,757	23,363
Accumulated depreciation	(7,546)	(13,795)
Vehicles (net value)	14,210	9,567
Tools, instruments and furniture	1,468,821	1,568,274
Accumulated depreciation	(933,042)	(1,117,182)
Tools, instruments and furniture (net value)	535,779	451,091
Land	2,211,508	2,211,508
Construction in progress	218	–
Total tangible fixed assets	5,319,765	4,950,973

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2008)	Current Consolidated Accounting Year (As of March 31, 2009)
Intangible fixed assets		
Goodwill	117,021	62,330
Software	59,334	31,174
Facility utility rights	3,427	3,081
Total intangible fixed assets	179,782	96,586
Investment and other assets		
Investment securities	23,730	13,553
Equity of affiliated companies	431,322	537,402
Investment in affiliated companies	1,748,217	1,948,217
Investments real assets	886,100	876,999
Deferred tax asset	6,368	3,278
Insurance reserve fund	111,009	114,180
Others	3,768	3,668
Bad debt allowance	(1,597)	(1,597)
Total Investment and other assets	3,208,921	3,495,703
Total fixed assets	8,708,469	8,543,263
Total assets	24,956,117	23,292,074
Liabilities		
Current liabilities		
Trade accounts payable	452,631	210,576
Accrued liabilities	521,656	347,557
Accrued expenses	214,043	171,670
Accrued corporate taxes and others	44,170	22,758
Deposit received	27,945	28,774
Unearned income	3,200	3,200
Others	14,441	31,483
Total current liabilities	1,278,088	816,020
Fixed liabilities		
Deferred tax liabilities	1,230	–
Allowance for retirement benefits	269,076	297,932
Long-term accrued liabilities	148,570	148,570
Guarantee deposit received	164,191	145,630
Deposit key money	19,037	19,037
Total fixed liabilities	602,104	611,169
Total liabilities	1,880,193	1,427,190

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (As of March 31, 2008)	Current Consolidated Accounting Year (As of March 31, 2009)
Net Assets		
Shareholders' equity		
Capital	6,791,682	6,791,682
Capital surplus		
Capital reserves	10,571,419	10,571,419
Total capital surplus	10,571,419	10,571,419
Retained earnings		
Earned surplus reserves	1,697,920	1,697,920
Other retained earnings		
Special contingency reserve	5,500,000	5,500,000
Earned surplus carried over	(1,116,451)	(2,264,190)
Total retained earnings	6,081,469	4,933,729
Treasury stocks	(370,462)	427,107
Total shareholders' equity	23,074,109	21,869,724
Valuation/conversion differentials and others		
Differential from valuation of securities	1,814	(4,840)
Total of differential from valuation of securities	1,814	(4,840)
Total net assets	23,075,924	21,864,883
Total Liabilities/Net Assets	24,956,117	23,292,074

(2) Consolidated Income Statement

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Sales Amount		
Products sales amount	6,079,395	5,227,382
Goods sales amount	69,736	28,505
Total sales amount	6,149,132	5,255,888
Cost of Sales		
Cost of products sold		
Product inventory at the beginning of the period	42,642	16,771
Cost of products manufactured for the current period	4,699,312	4,253,769
Total	4,741,955	4,270,541
Transfer to other accounts	69,722	67,224
Product inventory at the end of the period	16,771	7,487
Cost of products sold	4,655,461	4,195,828
Cost of goods sold		
Goods inventory at the beginning of the period	314	21
Goods purchase amount for the current period	48,785	14,952
Total	49,099	14,973
Goods inventory at the end of the period	21	–
Cost of goods sold	49,078	14,973
Total cost of sales	4,704,539	4,210,801
Gross Profit	1,444,592	1,045,087
Selling, general and administrative	1,991,267	1,974,147
Operating (Loss)	(546,675)	(929,060)
Non-Operating Income		
Interest received	80,990	85,277
Dividends received	227	207,840
Invested real estate rent income	39,434	38,400
Patent royalties	33,887	–
Royalties received	–	25,471
Others	10,820	27,153
Total non-operating income	165,359	384,142
Non-Operating Expenses		
Cost of invested real estate rent income	15,957	14,412
Foreign exchange loss	151,179	17,392
Derivative appraisal loss	–	14,873
Loss on retirement of inventory assets	147,150	–
Others	1,586	1,909
Total non-operating expenses	315,872	48,586
Ordinary (Loss)	(697,188)	(593,505)

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Extraordinary Profit		
Gain on sale of fixed assets	7,098	44
Reversal of bad debt allowance	160	190
Total extraordinary profit	7,258	234
Extraordinary Loss		
Loss on retirement of fixed assets	3,023	672
Loss on devaluation of investment securities	4,108	2,599
Impairment loss	283,915	209,484
Furnished material defects compensation expense	4,229	–
Total extraordinary loss	295,276	212,755
Net (Loss) before Taxes and Other Adjustments	(985,207)	(806,026)
Corporate Taxes, Local and Enterprise Taxes	12,931	11,191
Adjustment to Corporate Taxes	138,953	54,534
Total Corporate Taxes	151,885	65,725
Net (Loss)	(1,137,092)	(871,751)

(3) Statement of Changes in Consolidated Shareholders' Equity

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Shareholders' Equity		
Capital		
Balance at the end of the previous period	6,791,682	671,682
Change during the current period		
Total change during the current period	–	–
Balance at the end of the current period	6,791,682	6,791,682
Capital surplus		
Capital reserve		
Balance at the end of the previous period	10,571,419	10,571,419
Change during the current period		
Total change during the current period	–	–
Balance at the end of the current period	10,571,419	10,571,419
Total capital surplus		
Balance at the end of the previous period	10,571,419	10,571,419
Change during the current period		
Total change during the current period	–	–
Balance at the end of the current period	10,571,419	10,571,419
Retained earnings		
Earned surplus reserve		
Balance at the end of the previous period	1,697,920	1,697,920
Change during the current period		
Total change during the current period	–	-
Balance at the end of the current period	1,697,920	1,697,920
Other retained earnings		
Special contingency reserve		
Balance at the end of the previous period	201	-
Change during the current period		
Reversal of special contingency reserve	(201)	-
Total change during the current period	(201)	-
Balance at the end of the current period	–	–
Contingent reserve		
Balance at the end of the previous period	5,500,000	5,500,000
Change during the current period		
Total change during the current period	–	–
Balance at the end of the current period	5,500,000	5,500,000
Earned surplus carried over		
Balance at the end of the previous period	297,330	(1,116,451)
Change during the current period		
Dividend of surplus	(276,890)	275,988
Reversal of special contingency reserve	201	–

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Net (loss)	(1,137,092)	(871,751)
Total change during the current period	(1,413,781)	(1,147,739)
Balance at the end of the current period	(1,116,451)	(2,264,190)
Total retained earnings		
Balance at the end of the previous period	7,495,452	6,081,469
Change during the current period		
Dividend of surplus	(276,890)	(275,988)
Reversal of special contingency reserve	–	–
Net (loss)	(1,137,092)	(871,751)
Total change during the current period	(1,413,983)	(1,147,739)
Balance at the end of the current period	6,081,469	4,933,729
Treasury stocks		
Balance at the end of the previous period	(309,876)	(370,462)
Change during the current period		
Purchase of treasury stocks	(60,586)	(56,645)
Total change during the current period	(60,586)	(56,645)
Balance at the end of the current period	(370,462)	(427,107)
Total shareholders' equity		
Balance at the end of the previous period	24,548,678	23,074,109
Change during the current period		
Dividend of surplus	(276,890)	(275,988)
Net (loss)	(1,137,092)	(871,751)
Purchase of treasury stocks	(60,586)	(56,645)
Total change during the current period	(1,474,569)	(1,204,385)
Balance at the end of the current period	23,074,109	21,869,724
Valuation/conversion differentials and others		
Differential from valuation of securities		
Balance at the end of the previous period	7,705	1,814
Change during the current period		
Changes in other marketable securities valuation difference directly recorded to net assets	(5,890)	(6,655)
Total change during the current period	(5,890)	(6,655)
Balance at the end of the current period	1,814	(4,840)
Total of valuation/conversion differentials and others		
Balance at the end of the previous period	7,705	1,814
Change during the current period		
Changes in other marketable securities valuation difference directly recorded to net assets	(5,890)	(6,655)
Total change during the current period	(5,890)	(6,655)
Balance at the end of the current period	1,814	(4,840)

(Unit: Thousands of yen)

	Previous Consolidated Accounting Year (from April 1, 2007 to March 31, 2008)	Current Consolidated Accounting Year (from April 1, 2008 to March 31, 2009)
Total Net Assets		
Balance at the end of the previous period	24,556,384	23,075,924
Change during the current period		
Dividend of surplus	(276,890)	(275,988)
Net (loss)	(1,137,092)	(871,751)
Changes in other marketable securities valuation difference directly recorded to net assets	(5,890)	(6,655)
Purchase of treasury stocks	(60,586)	(56,645)
Total change during the current period	(1,480,459)	(1,211,040)
Balance at the end of the current period	23,075,924	21,864,883