

Consolidated Balance Sheets

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
At March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2009	2008	2009
ASSETS			
Current Assets:			
Cash and time deposits (Note 4)	¥14,289	¥ 8,993	\$145,808
Trade notes and accounts receivable	17,099	23,252	174,479
Less: allowance for bad debts	(263)	(54)	(2,685)
	<u>16,836</u>	<u>23,198</u>	<u>171,794</u>
Inventories (Note 5)	18,564	22,933	189,428
Deferred tax assets (Note 10)	1,189	1,510	12,136
Other current assets	2,099	2,369	21,414
Total current assets	<u>52,977</u>	<u>59,003</u>	<u>540,580</u>
Property, Plant and Equipment:			
Buildings and structures (Note 7)	32,640	33,461	333,055
Machinery and equipment (Note 7)	57,766	61,724	589,453
Leased assets	1,783	–	18,192
	<u>92,189</u>	<u>95,185</u>	<u>940,700</u>
Less: accumulated depreciation	(71,852)	(72,653)	(733,179)
	<u>20,337</u>	<u>22,532</u>	<u>207,521</u>
Land (Note 7)	4,876	4,949	49,751
Construction in progress	858	1,398	8,761
Property, plant and equipment – net	<u>26,071</u>	<u>28,879</u>	<u>266,033</u>
Investments and Advances:			
Investments in securities (Note 6)	7,617	10,250	77,726
Long-term loans and other investments	930	1,233	9,484
Total investments and advances	<u>8,547</u>	<u>11,483</u>	<u>87,210</u>
Deferred Tax Assets (Note 10)	2,335	5,276	23,826
Deferred Charges and Other Assets	691	767	7,054
	<u>¥90,621</u>	<u>¥105,408</u>	<u>\$924,703</u>

The accompanying notes are an integral part of the statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2009	2008	2009
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Short-term borrowings from banks (Note 7)	¥ 7,817	¥ 3,679	\$ 79,766
Current maturities of long-term debt (Note 7)	6,248	3,687	63,751
Lease obligations (Note 7)	287	–	2,933
Notes and accounts payable:			
Trade	11,765	18,869	120,046
Acquisition of property and equipment	344	584	3,513
	<u>12,109</u>	<u>19,453</u>	<u>123,559</u>
Income taxes payable	29	272	294
Accrued expenses	1,033	1,851	10,540
Other current liabilities	5,736	4,770	58,531
Total current liabilities	<u>33,259</u>	<u>33,712</u>	<u>339,374</u>
Long-term Liabilities:			
Long-term debt (Note 7)	24,313	21,861	248,092
Lease obligations (Note 7)	1,374	–	14,022
Accrued retirement benefits (Note 8)	7,421	8,609	75,729
Accrued retirement benefits for directors and statutory auditors	60	560	606
Deferred tax liabilities (Note 10)	0	7	1
Other long-term liabilities	430	13	4,388
Total long-term liabilities	<u>33,598</u>	<u>31,050</u>	<u>342,838</u>
Contingent Liabilities (Note 9)			
Net Assets:			
Shareholders' equity:			
Common stock	14,774	14,774	150,751
Authorized: 260,000,000 shares at March 31, 2009 and 2008			
Issued: 87,027,848 shares at March 31, 2009 and 2008			
Capital surplus	13,982	13,983	142,673
Retained earnings	(2,641)	11,257	(26,949)
Treasury stock (Note 18)	(104)	(93)	(1,059)
Total shareholders' equity	<u>26,011</u>	<u>39,921</u>	<u>265,416</u>
Valuation and translation adjustments:			
Unrealized gain on other securities, net of tax	(1,238)	148	(12,631)
Foreign currency translation adjustments	(1,383)	246	(14,110)
Total valuation and translation adjustments	<u>(2,621)</u>	<u>394</u>	<u>(26,741)</u>
Minority interests in consolidated subsidiaries	374	331	3,816
Total net assets	<u>23,764</u>	<u>40,646</u>	<u>242,491</u>
	<u>¥90,621</u>	<u>¥105,408</u>	<u>\$924,703</u>

The accompanying notes are an integral part of the statements.

Consolidated Statements of Operations

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2009	2008	2009
Net Sales	¥ 85,239	¥100,827	\$ 869,787
Cost of Sales (Note 12)	76,752	86,107	783,182
Gross profit	8,487	14,720	86,605
Selling, General and Administrative Expenses (Note 11 and 12)	12,523	12,432	127,793
Operating income (loss)	(4,036)	2,288	(41,188)
Other Income (Expense):			
Interest and dividend income	371	470	3,787
Interest expenses	(623)	(519)	(6,355)
Exchange loss	(1,574)	(1,902)	(16,066)
Loss on disposal of inventories	–	(754)	–
Amortization of transition amount for accrued retirement benefits (Note 8)	(618)	(618)	(6,301)
Loss on valuation of investment in securities	(579)	(707)	(5,910)
Rent income on fixed assets	113	127	1,152
Gain on equity method investment	66	172	676
Gain on technical assistance agreement	103	–	1,046
Gain on sales of investments in securities	55	555	561
Gain on sales of investments in affiliates	54	–	551
Loss on restructuring (Note 13)	(1,835)	–	(18,723)
Impairment loss (Note 14)	(200)	–	(2,040)
Extraordinary retirement expenses	–	(139)	–
Other, net	(350)	(621)	(3,570)
	(5,017)	(3,936)	(51,192)
Loss before income taxes and minority interests	(9,053)	(1,648)	(92,380)
Income Taxes (Note 10):			
Current	782	1,220	7,984
Deferred	3,389	(192)	34,577
	4,171	1,028	42,561
	(13,224)	(2,676)	(134,941)
Minority Interests in Net Income (Loss) of Consolidated Subsidiaries	48	(48)	486
Net loss	¥(13,272)	¥ (2,628)	\$(135,427)
Per Share of Common Stock [Note 2 (10)]:			
Net loss – basic	¥(152.99)	¥ (30.27)	\$ (1.56)
Net income – diluted	¥ –	¥ –	\$ –
Cash dividends per share for the period	¥ 3.50	¥ 7.00	\$ (0.04)
Weighted Average Number of Shares (Thousands)	86,751	86,801	

The accompanying notes are an integral part of the statements.

Consolidated Statements of Changes in Net Assets

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
For the years ended March 31, 2009 and 2008

Millions of Yen

	Shareholders' equity					Valuation, translation adjustment and other					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock (Note 18)	Total shareholders' equity	Unrealized gain on other securities, net of tax	Foreign currency translation adjustments	Total valuation, translation adjustment	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2007	87,028	¥14,774	¥13,983	¥14,362	¥ (83)	¥43,036	¥ 2,542	¥ 170	¥ 2,712	¥262	¥46,010
Cash dividends	—	—	—	(608)	—	(608)	—	—	—	—	(608)
Net loss	—	—	—	(2,628)	—	(2,628)	—	—	—	—	(2,628)
Acquisition of treasury stock	—	—	—	—	(10)	(10)	—	—	—	—	(10)
Disposal of treasury stock	—	—	(0)	—	0	0	—	—	—	—	0
Change in scope of consolidation	—	—	—	131	—	131	—	—	—	—	131
Net change in items other than shareholder's equity	—	—	—	—	—	—	(2,394)	76	(2,318)	69	(2,249)
Balance at March 31, 2008	<u>87,028</u>	<u>¥14,774</u>	<u>¥13,983</u>	<u>¥11,257</u>	<u>¥(93)</u>	<u>¥39,921</u>	<u>¥148</u>	<u>¥246</u>	<u>¥394</u>	<u>¥331</u>	<u>¥40,646</u>
Cash dividends (Note 18)	—	—	—	(607)	—	(607)	—	—	—	—	(607)
Net loss	—	—	—	(13,272)	—	(13,272)	—	—	—	—	(13,272)
Acquisition of treasury stock	—	—	—	—	(24)	(24)	—	—	—	—	(24)
Disposal of treasury stock	—	—	(1)	(5)	13	7	—	—	—	—	7
Change in scope of consolidation	—	—	—	(14)	—	(14)	—	—	—	—	(14)
Net change in items other than shareholder's equity	—	—	—	—	—	—	(1,386)	(1,629)	(3,015)	43	(2,972)
Balance at March 31, 2009	<u>87,028</u>	<u>¥14,774</u>	<u>¥13,982</u>	<u>¥(2,641)</u>	<u>¥(104)</u>	<u>¥26,011</u>	<u>¥(1,238)</u>	<u>¥(1,383)</u>	<u>¥(2,621)</u>	<u>¥374</u>	<u>¥23,764</u>

Thousands of U.S. Dollars (Note 3)

	Shareholders' equity					Valuation, translation adjustment and other				
	Common stock	Capital surplus	Retained earnings	Treasury stock (Note 17)	Total Shareholders' equity	Unrealized gain on other securities, net of tax	Foreign currency translation adjustments	Total valuation, translation adjustment	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2008	\$150,751	\$142,682	\$114,873	\$ (951)	\$407,355	\$ 1,511	\$ 2,503	\$ 4,014	\$3,381	\$414,750
Cash dividends (Note 18)	—	—	(6,197)	—	(6,197)	—	—	—	—	(6,197)
Net loss	—	—	(135,427)	—	(135,427)	—	—	—	—	(135,427)
Acquisition of treasury stock	—	—	—	(238)	(238)	—	—	—	—	(238)
Disposal of treasury stock	—	(9)	(48)	130	73	—	—	—	—	73
Change in scope of consolidation	—	—	(150)	—	(150)	—	—	—	—	(150)
Net change in items other than shareholder's equity	—	—	—	—	—	(14,142)	(16,613)	(30,755)	435	(30,320)
Balance at March 31, 2009	<u>\$150,751</u>	<u>\$142,673</u>	<u>\$(26,949)</u>	<u>\$(1,059)</u>	<u>\$265,416</u>	<u>\$(12,631)</u>	<u>\$(14,110)</u>	<u>\$(26,741)</u>	<u>\$3,816</u>	<u>\$242,491</u>

The accompanying notes are an integral part of the statements.

Consolidated Statements of Cash Flows

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2009	2008	2009
Cash Flows from Operating Activities:			
Loss before income taxes and minority interests	¥(9,053)	¥(1,648)	\$ (92,380)
Adjustments for:			
Depreciation	5,121	5,878	52,259
Interest and dividend income	(371)	(470)	(3,787)
Interest expenses	623	519	6,355
Impairment loss	200	–	2,040
Gain on sales of investments in securities	(55)	(555)	(561)
Gain on sales of investments in affiliates	(54)	–	(551)
Loss on disposal of inventories	–	754	–
Loss on valuation of investment in securities	579	707	5,910
(Increase) decrease in notes and accounts receivable	4,495	1,811	45,862
(Increase) decrease in inventories	2,639	(338)	26,932
Increase (decrease) in notes and accounts payable	(3,428)	(384)	(34,984)
Increase (decrease) in provision for accrued compensation for products allowance	–	(532)	–
Other	(308)	1,673	(3,136)
Sub total	388	7,415	3,959
Interest and dividend income received	384	468	3,921
Interest expenses paid	(613)	(521)	(6,259)
Payment of income taxes	(980)	(3,404)	(9,998)
Net cash provided by (used in) operating activities	(821)	3,958	(8,377)
Cash Flows from Investing Activities:			
Payments for acquisition of investments in securities	(37)	(2,201)	(373)
Proceeds from sales of investments in securities	555	1,960	5,668
Payments for acquisition of property, plant and equipment	(3,938)	(5,051)	(40,184)
Proceeds from sales of property, plant and equipment	1,690	194	17,243
Payments for acquisition of intangible fixed assets	(187)	(167)	(1,913)
Other	487	(305)	4,967
Net cash used in investing activities	(1,430)	(5,570)	(14,592)
Cash Flows from Financing Activities:			
Increase (decrease) in short-term bank loans, net	4,348	1,581	44,364
Borrowing of long-term debt	8,750	2,700	89,286
Repayment for long-term debt	(3,661)	(3,780)	(37,351)
Repayment for finance lease obligation	(223)	–	(2,275)
Proceeds from the issuance of bonds	–	2,964	–
Redemption of bonds	–	(2,000)	–
Redemption of convertible bonds	–	(484)	–
Cash dividends paid	(607)	(608)	(6,197)
Cash dividends paid to minority shareholders	(5)	(5)	(52)
Other	(16)	(10)	(166)
Net cash provided by financing activities	8,586	358	87,609
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(975)	(402)	(9,948)
Net Increase (Decrease) in Cash and Cash Equivalents	5,360	(1,656)	54,692
Cash and Cash Equivalents at Beginning of Year	8,948	10,531	91,305
Increase in Cash and Cash Equivalents due to Company Newly Consolidated	–	73	–
Decrease in Cash and Cash Equivalents due to Exclusion of Previously Consolidated Companies	(64)	–	(653)
Cash and Cash Equivalents at End of Year (Note 4)	¥14,244	¥8,948	\$145,344

The accompanying notes are an integral part of the statements.

Notes to Consolidated Financial Statements

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries
For the years ended March 31, 2009 and 2008

1. Basis of Presenting Consolidated Financial Statements

(1) Accounting Principles and Presentation

The accompanying consolidated financial statements of Shindengen Electric Manufacturing Co., Ltd. ("the Company") and its subsidiaries ("the Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the applications and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau (a regional branch organization of the Ministry of Finance in Japan) have been reclassified in these accounts for the convenience of readers outside Japan.

(2) Scope of Consolidation

The Company had 23 subsidiaries (controlling companies – companies whose decision-making is controlled) as of March 31, 2009 and 2008.

The consolidated financial statements for the year ended March 31, 2009 and 2008 include the accounts of the Company and its 18 subsidiaries and 19 subsidiaries respectively.

The major consolidated subsidiaries were listed below.

	<u>Equity ownership percentage</u>
• Akita Shindengen Co., Ltd.	100.0%
• Higashine Shindengen Co., Ltd.	100.0%
• Okabe Shindengen Co., Ltd.	100.0%
• Lumpfun Shindengen Co., Ltd.	100.0%
• Shindengen (Thailand) Co., Ltd.	100.0%

Effective from the year ended March 31, 2009, following company was excluded from consolidation due to the insignificant scale.

- Shanghai Shindengen Com. Equip.

In the accompanying consolidated financial statements, the accounts of the 9 overseas subsidiaries at December 31, 2008 and for the year then ended were consolidated with the accounts of the Company at March 31, 2009 and for the year then ended, as they use a fiscal year ending on December 31 of each year.

The remaining 5 unconsolidated subsidiaries as of March 31, 2009, had insignificant amounts in terms of total assets, net sales, net income/loss and retained earnings and therefore have been excluded from consolidation.

The major unconsolidated subsidiary was listed below.

- Shindengen Logistic Co., Ltd.

(3) Elimination and Consolidation

For the purpose of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been entirely eliminated, and the portion attributable to minority interests is charged (credited) to minority interests.

(4) Investments in Unconsolidated Subsidiaries and Affiliates

The Company had 5 unconsolidated subsidiaries and 1 affiliate (influencing companies – companies whose financial and operating or business decision making can be influenced to a material degree, and which are not subsidiaries) at March 31, 2009.

The investment in 1 affiliate is accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost less impairment loss, due to their insignificant effect on the consolidated financial statements.

The affiliate accounted for by the equity method was listed below.

- Napino Auto & Electronics Ltd.

Effective from the year ended March 31, 2009, following company was excluded from affiliates, due to sales of the shares.

- Mori Electric Co., Ltd.

(5) Translation of Foreign Currency Financial Statements (Accounts of Overseas Subsidiaries)

All assets, liabilities and net assets of overseas subsidiaries are translated into Japanese yen using the exchange rates prevailing at the balance sheet date. Shareholders' equity at the beginning of the year is translated into Japanese yen at the historical rates. Profit and loss accounts for the year are translated into Japanese yen using the exchange rates prevailing at the balance sheet date.

Differences in Japanese yen amounts arising from the use of different rates are presented as "Foreign currency translation adjustments" in the accompanying consolidated financial statements.

(6) Revaluation of Assets and Liabilities of Subsidiaries

The Company adopts the "full fair value method" in which all assets and liabilities of the subsidiaries are remeasured at fair value as of the acquisition of the control.

(7) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits, which are able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuation in value.

(8) Gain on Sale of Scraps

Up to the year ended March 31, 2007, gain on sale of scraps had been included in other income. Effective from the year ended March 31, 2008, it was recorded as reduction of cost of sales, due to an increase in effect on the consolidated financial statements. As a result, gross profit and operating income for the year ended March 31, 2008 increased by ¥404 million, but there was no effect on loss before income taxes and minority interests.

(9) Unification of Accounting Policies Applied to Foreign Subsidiaries

Effective from the year ended March 31, 2009, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (by the Accounting Standards Board of Japan, May 17, 2006) was adopted. As a result, operating loss and loss before income taxes and minority interests for the year ended March 31, 2009 increased by ¥84 million (\$859 thousand).

2. Summary of Significant Accounting Policies

(1) Financial Instruments

(a) Securities

Securities held by the Company and its subsidiaries are classified as "other securities". Mark-to-market accounting is adopted for other securities. In accordance with this method, these securities with market quotations are carried at fair value that is reasonably determinable based on current market quotes on the balance sheet date, with net unrealized gains and losses, net of related tax, reported separately in net assets. Realized gains or losses on securities sold are determined based on the moving-average method. If fair value is not available, securities are carried at cost, which is determined by the moving-average method.

In cases where the fair value of equity securities issued by unconsolidated subsidiaries and affiliates or other securities has declined significantly and such impairment of the value is not deemed temporary, these securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

(b) Derivatives

All derivatives are carried at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as "hedging instruments".

(2) Inventories

Inventories held by the Company and the domestic consolidated subsidiaries are carried at cost, which is determined principally by the average method (reducing book value of inventories when their contribution to profitability declines).

Some domestic consolidated subsidiaries value inventories at cost, which is determined by the latest purchase price method.

Inventories held by overseas consolidated subsidiaries are valued at the lower of cost or market value, which is determined by the moving average method.

(Change in accounting policy)

Effective from the year ended March 31, 2009, "Accounting Standards for Measurement of Inventories" (by the Accounting Standards Board of Japan, July 5, 2006) was adopted. As a result, operating loss and loss before income taxes and minority interests for the year ended March 31, 2009 increased by ¥1,308 million (\$13,342 thousand).

Up to the year ended March 31, 2008, loss on disposal of inventories and loss on valuation of inventories were included in other expense. Effective from the year ended March 31, 2009, the Company changed its accounting policy to include these expenses in cost of sales. As a result, operating loss for the year ended March 31, 2009 increased by ¥478 million (\$4,882 thousand), but there is no effect on loss before income taxes and minority interests.

(3) Property, Plant and Equipment (Excluding Leased Assets)

Property, plant and equipment are stated at cost. Depreciation for property, plant and equipment held by the Company and its domestic consolidated subsidiaries is calculated using the declining-balance method. Depreciation of property, plant and equipment held by overseas consolidated subsidiaries is calculated primarily by the straight-line method.

The estimated useful lives of assets are principally as follows:

- Buildings – 3 to 50 years
- Machinery and equipment – 4 to 10 years

(Change in accounting policy)

Accompanying a revision to Japanese Corporate Income Tax Law, effective from the year ended March 31, 2008, property, plant and equipment acquired after April 1, 2007, are depreciated in accordance with the revised Japanese Corporate Income Tax Law. The effect of this change on the Company's operating income and loss before income taxes and minority interests for the year ended March 31, 2008, were minimal.

(Additional information)

Effective from the year ended March 31, 2008, property, plant and equipment acquired before March 31, 2007, are depreciated evenly over the five years from the year after the completion of depreciation to the limit on depreciable amount. Due to this change, operating income and loss before income taxes and minority interests all decreased by ¥259 million compared with previous method.

Effective from the year ended March 31, 2008, the Company changed the estimated useful life of a portion of the production equipment of elemental device based on a reassessment of the assets' operational lives. This change was made to correspond the depreciation period to the life cycle of the equipment. The effect of this change on the Company's operating income and loss before income taxes and minority interests for the year ended March 31, 2008, were minimal.

Accompanying a revision to Japanese Corporate Income Tax Law, effective from the year ended March 31, 2009, the Company changed the estimated useful lives of property, plant and equipment. The effect of this change on the Company's operating loss and loss before income taxes and minority interests for the year ended March 31, 2009 were minimal.

(4) Leased Assets

Depreciation of leased assets is calculated based on the straight-line method over the lease period assuming no residual value.

Finance lease transactions executed on or before March 31, 2008 that do not involve a transfer of ownership are accounted for using the same method as operating leases.

(Change in accounting policy)

Up to the year ended March 31, 2008, finance lease transactions which do not transfer ownership of the assets were accounted for using the same method as operating leases. Effective from the year ended March 31, 2009, "Accounting Standard for Lease Transactions" (by the Accounting Standards Board of Japan, June 17, 1993 (revised at March 30, 2007)), and "Guidance on Accounting Standard for Lease Transactions" (by the Accounting Standards Board of Japan, January 18, 1994 (revised at March 30, 2007)) were adopted. In accordance with the revised standard, finance lease transactions executed on or before March 31, 2008 that do not involve a transfer of ownership are accounted for using the same method as operating leases. The effect of this change on the Company's operating loss and loss before income taxes and minority interests for the year ended March 31, 2009 were minimal.

(5) Deferred Charges

Bond issue expenses are charged to income when incurred.

(Change in accounting policy)

Up to the year ended March 31, 2007, bond issue expenses were amortized equally over the three years. Effective from the year ended March 31, 2008, the Company changed its accounting policy to charging bond issue expenses to income when paid, pursuant to the application of "Tentative Solution on Accounting for Deferred Assets" (by The Accounting Standards Board of Japan, August 11, 2006).

(6) Allowance for Bad Debts

The allowance for bad debts is calculated based on the aggregate amount of estimated credit losses for doubtful receivables plus an amount for receivables other than doubtful receivables calculated using historical write-off experience over a certain period.

(7) Accrued Retirement Benefits

Accrued retirement benefits are provided principally at an amount calculated based on the estimated amount incurred at the end of the period, which, in turn, is calculated based on the retirement benefit obligation and the fair value of the pension plan assets at the end of the current fiscal year.

The unrecognized transition amount is amortized on the straight-line basis over 15 years, and the unrecognized prior service costs are amortized on the straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (mainly 13 years) from the year in which they arise, and unrecognized actuarial differences are amortized on the straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (mainly 13 years) from the next year in which they arise.

(8) Accrued Retirement Benefits for Directors and Statutory Auditors

Provision for retirement benefits for directors and statutory auditors is made at an estimate of the amount to be paid in accordance with the internal rules if all eligible directors and statutory auditors resigned from their posts at the balance sheet date.

(9) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

(10) Income Taxes

The income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The Companies adopt deferred tax accounting. Income taxes are determined using the asset and liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax bases of assets and liabilities and those as reported in the financial statements.

Deferred tax assets relating to tax loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of tax loss carryforwards be estimated and recorded as an asset, with a deduction of the valuation allowance if it is expected that some portion or all of the deferred tax assets will not be realized.

(11) Net Income per Share

Net income per share is based upon the weighted average number of shares of common stock outstanding less the number of treasury stock during each period. Net income per share of common stock adjusted for dilution represents net income per share assuming full conversion of all convertible debentures of the Company outstanding, with a related reduction in interest expenses.

(12) Consumption Taxes

Consumption taxes are levied at the flat rate of 5% on all domestic consumption of goods and services (with certain exceptions). The consumption taxes withheld by the Company and its domestic consolidated subsidiaries on its revenues and consumption taxes paid by the Company and its domestic consolidated subsidiaries on its purchases of products, merchandise and services from vendors are not included in the amounts of the respective accounts in the Consolidated Statements of Income, but is recorded as an asset or a liability, as the case may be and the net balance is included in "Other current assets" or "Other current liabilities" in the Consolidated Balance Sheets.

3. United States Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥98=U.S. \$1, the approximate rate of exchange prevailing at March 31, 2009 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

4. Cash Flow Information

Cash and cash equivalents as of March 31, 2009 and 2008 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Cash and time deposits	¥14,289	¥8,993	\$145,808
Time deposits with deposit term of over 3 months	(45)	(45)	(464)
Cash and cash equivalents	¥14,244	¥8,948	\$145,344

Significant finance lease transactions without cash flow for the year ended March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Leased assets	¥1,797	\$18,342
Lease obligations	1,898	19,370

5. Inventories

Inventories held by the Companies as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finished products	¥ 6,583	¥10,269	\$ 67,177
Raw materials	7,428	8,404	75,792
Work in process	4,553	4,260	46,459
	¥18,564	¥22,933	\$189,428

The cost of sales includes the cut-down of book values by ¥1,298 million (\$13,244 thousand), reflecting reduced profitability of inventory held for normal sales purposes.

6. Marketable Securities and Investments in Securities

The acquisition cost, book value per balance sheet for securities with fair value at March 31, 2009 and 2008, were as follows:

(Other securities)

	Millions of Yen		
	2009		
	Acquisition cost	Book value per balance sheet	Difference
Other securities with values exceeding acquisition costs	¥ 150	¥ 282	¥ 132
Other securities with values not exceeding acquisition costs	7,943	6,577	(1,366)
Total	¥8,093	¥6,859	¥(1,234)
	Millions of Yen		
	2008		
	Acquisition cost	Book value per balance sheet	Difference
Other securities with values exceeding acquisition costs	¥6,664	¥7,297	¥ 633
Other securities with values not exceeding acquisition costs	2,006	1,630	(376)
Total	¥8,670	¥8,927	¥ 257

Notes to Consolidated Financial Statements

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries

Thousands of U.S. Dollars			
2009			
	Acquisition cost	Book value per balance sheet	Difference
Other securities with values exceeding acquisition costs	\$ 1,524	\$ 2,873	\$ 1,349
Other securities with values not exceeding acquisition costs	81,052	67,111	(13,941)
Total	<u>\$82,576</u>	<u>\$69,984</u>	<u>\$(12,592)</u>

The book values per balance sheet of securities without fair value as at March 31, 2009 and 2008 were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Unlisted equity securities	¥99	¥561	\$1,013

Proceeds, gross realized gains and gross realized losses from the sales of other securities in respect of the years ended March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Proceeds	¥555	¥1,960	\$5,668
Gross realized gains	55	555	561

7. Short-Term Borrowings and Long-Term Debt

Short-term borrowings and long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Short-term borrowings from banks	¥ 7,817	¥ 3,679	\$ 79,766
Current portion of long-term debt	6,248	3,687	63,751
Current portion of lease obligations	287	-	2,933
Long-term debt	24,313	21,861	248,092
Lease obligations	1,374	-	14,022
	<u>¥40,039</u>	<u>¥29,227</u>	<u>\$408,564</u>

The approximate weighted average interest rate of short-term borrowings from banks as of March 31, 2009 is 1.3%.

Long-term debt as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Long-term loans from banks and other financial institutions	¥20,357	¥15,344	\$207,720
Unsecured convertible-bond-type bonds with stock acquisition rights, due March 31, 2010	204	204	2,082
1.46% bonds due August 7, 2009	2,000	2,000	20,408
1.55% bonds due August 10, 2012	3,000	3,000	30,613
1.49% bonds due August 10, 2012	1,000	1,000	10,204
1.46% bonds due August 10, 2012	1,000	1,000	10,204
2.02% bonds due August 29, 2014	2,000	2,000	20,408
2.13% bonds due August 29, 2014	1,000	1,000	10,204
	<u>30,561</u>	<u>25,548</u>	<u>311,843</u>
Less: Current portion of long-term debt	(6,248)	(3,687)	(63,751)
	<u>¥24,313</u>	<u>¥21,861</u>	<u>\$248,092</u>

The aggregate annual maturity of long-term loans from banks and other financial institutions outstanding as of March 31, 2009, during the succeeding five-year period (except within one year) are as follows:

Years Ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2011	¥4,079	\$41,624
2012	3,953	40,335
2013	3,267	33,338
2014	2,855	29,128

The Companies' assets pledged as collateral for short-term borrowings from banks of ¥760 million (\$7,755 thousand) and long-term loans of ¥602 million (\$6,143 thousand) from banks as at March 31, 2009 are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Buildings and structures	¥1,919	\$19,583
Machinery and equipment	187	1,910
Land	1,027	10,477
	<u>¥3,133</u>	<u>\$31,970</u>

8. Retirement Plans and Severance Indemnities

The Company and its consolidated domestic subsidiaries have a funded pension program to cover the employees' retirement benefits. The amount of such retirement benefits is determined by reference to the latest rate of pay, length of service and conditions under which retirement occurs.

Some of the overseas subsidiaries provide defined contribution pension plans.

The reserve for retirement benefits as of March 31, 2009 and 2008 is analyzed as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligations	¥(18,310)	¥(21,095)	\$(186,833)
Plan assets	4,973	6,121	50,745
	(13,337)	(14,974)	(136,088)
Unrecognized transition amount	3,705	4,322	37,806
Unrecognized prior service costs	(200)	(239)	(2,046)
Unrecognized actuarial differences	2,413	2,284	24,624
	(7,419)	(8,607)	(75,704)
Prepaid pension expenses	2	2	25
Net liability recognized in balance sheets	<u>¥ (7,421)</u>	<u>¥ (8,609)</u>	<u>\$ (75,729)</u>

Net pension expenses related to retirement benefits for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service costs	¥1,145	¥1,096	\$11,689
Interest costs	475	471	4,847
Expected return on plan assets	(128)	(135)	(1,310)
Amortization of transition amount	618	618	6,301
Amortization of actuarial differences	263	197	2,681
Amortization of prior service costs	(38)	(39)	(390)
Payments for defined contribution pension plan	29	49	301
	<u>¥2,364</u>	<u>¥2,257</u>	<u>\$24,119</u>

Notes to Consolidated Financial Statements

Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries

Assumptions used in calculation of the above information were as follows:

	2009	2008
Discount rate	2.0 – 2.5%	2.0 – 2.5%
Expected rate of return on plan assets	2.0 – 2.5%	2.0 – 2.5%
Method of attributing the projected benefits to periods of service	straight-line basis	straight-line basis
Amortization of unrecognized prior service costs	13 years	13 years
Amortization of transition amount	15 years	15 years
Amortization of unrecognized actuarial differences	13 years	13 years

9. Contingent Liabilities

The Companies were contingently liable for guarantees of loans borrowed by its employees as of March 31, 2009 and 2008 as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Housing loans of employees	¥239	¥277	\$ 2,437

10. Income Taxes

At March 31, 2009 and 2008, significant components of deferred tax assets and liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Accrued retirement benefits	¥3,039	¥3,499	\$31,008
Loss carried forward for tax purposes	3,884	464	39,635
Depreciation	528	411	5,387
Accrued bonuses	192	410	1,959
Loss on devaluation of inventories	373	263	3,800
Loss on disposal of inventories	242	317	2,473
Allowance for bad debts	119	106	1,214
Lease rental expenses	226	295	2,309
Accrued retirement benefits for directors and statutory auditors	171	228	1,742
Accounts payable-nontrade	–	520	–
Enterprise tax payable	–	55	–
Other	757	826	7,724
Subtotal of deferred tax assets	9,531	7,394	97,251
Less valuation allowance	(6,004)	(497)	(61,263)
Total of deferred tax assets	3,527	6,897	35,988
Deferred tax liabilities:			
Unrealized gain on other securities	(0)	104	(2)
Special tax-purpose reserve	3	7	27
Other	0	7	1
Total of deferred tax liabilities	3	118	26
Net deferred tax assets	¥3,524	¥6,779	\$35,962

Regarding the difference between the statutory income tax rate and the effective income tax rate for the year ended March 31, 2009 and 2008, loss before income taxes and minority interests were recorded, so the disclosure of reason for the difference are omitted.

11. Major Items in Selling, General and Administrative Expenses

Major items in selling, general and administrative expenses for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Freight and transportation	¥2,361	¥2,559	\$24,094
Employees' salaries and wages	2,667	2,740	27,213
Provision for accrued bonuses to employees	73	172	745
Net pension expenses related to retirement benefits	366	306	3,732
Provision for accrued retirement benefits for directors and statutory auditors	10	71	101
Research and development expenses	2,276	1,295	23,228

12. Research and Development Expenses

Research and development expenses charged to income for the years ended March 31, 2009 and 2008 were ¥4,544 million (\$46,370 thousand) and ¥4,366 million, respectively.

13. Loss on Restructuring

Loss on restructuring consists of following two items.

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Extraordinary retirement expenses			
Placement service cost for the voluntary retirement applicants	¥1,797	¥ –	\$18,332
	38	–	391

14. Impairment Loss

For the year ended March 31, 2009, the Companies recognized impairment loss about following assets group.

(Summary of assets group which recognized impairment loss)

Use	Type of assets	Location	Millions of yen	Thousands of U.S. dollars
Manufacturing equipment of machinery product	Machinery and equipment etc.	Obanazawa-shi Yamagata-ken	¥200	\$2,040

(Recognition of the impairment loss)

For the year ended March 31, 2009, the carrying amount of the assets group was reduced to the recoverable amount, due to the decline of the profitability of the assets group, and the Company recognized the impairment loss. The detail of the impairment loss is as follows:

	Type of assets	
	Millions of Yen	Thousands of U.S. dollars
Machinery and equipment	¥180	\$1,839
Other	20	201
Total	¥200	\$2,040

(Assets grouping)

The assets grouping was based on the management accounting classification, taking into account the cash flow interaction from the similarity of manufacturing processes.

(Calculation of recoverable amount)

The recoverable amount of the assets group was measured at its value in use and the discount rate used for computation of present value of future cash flows was 4.7%.

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Shindengen Electric Manufacturing Co., Ltd. and its Subsidiaries

15. Derivatives and Hedging Activities

The Companies enter into forward currency exchange and currency option contracts to reduce exposure to risk of currency fluctuation on the Companies' monetary receivables and payables denominated in foreign currencies. In addition, interest rate swap transactions are used in order to minimize the risk of interest rate fluctuation on the Companies' borrowings.

The Companies have established a control environment, which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Companies do not hold or issue derivative financial instruments for trading purposes.

The Companies are exposed to certain market risks arising from their forward currency exchange contracts, currency option contracts and interest rate swap transactions. The Companies are also exposed to the risk of credit loss in the event of non-performance by the counter parties to the currency and interest; however, the Companies do not anticipate nonperformance by any of these counter parties, all of whom are financial institutions with high credit ratings.

Outstanding forward currency exchange and currency option contracts as at March 31, 2009 and 2008 are shown below, except for transactions using hedge accounting.

	Millions of Yen		
	Notional principal amount	Market value	Unrealized gain
At March 31, 2009			
Forward currency exchange contracts:			
Sell			
U.S. dollars	¥187	¥196	¥(9)
Indonesia rupiah	79	82	(3)
	Millions of Yen		
	Notional principal amount	Market value	Unrealized loss
At March 31, 2008			
Forward currency exchange contracts:			
Sell			
U.S. dollars	¥300	¥299	¥1
	Thousands of U.S. Dollars		
	Notional principal amount	Market value	Unrealized gain
At March 31, 2009			
Forward currency exchange contracts:			
Sell			
U.S. dollars	\$1,913	\$2,004	\$(91)
Indonesia rupiah	807	834	(27)

16. Leases

(Finance lease transactions which do not transfer ownership of the assets)

The leased tangible assets were principally research and development equipments (machinery), and the leased intangible asset was software.

Depreciation of leased assets is calculated as described at Note 2 (4). Finance lease transactions executed on or before March 31, 2008 that do not involve a transfer of ownership are accounted for using the same method as operating leases. Certain key information on such lease transactions of the Companies as a lessee for the years ended March 31, 2009 and 2008 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Lease rental expenses for the year	¥589	¥ 702	\$6,007
The scheduled maturities of future lease rental payments:			
Due within one year	¥328	¥ 526	\$3,345
Due over one year	365	567	3,730
	¥693	¥1,093	\$7,075

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Leased assets:			
Assumed purchase cost	¥1,479	¥2,359	\$15,091
Assumed accumulated depreciation	(805)	(1,294)	(8,219)
Assumed net book value	¥674	¥1,065	\$6,872
Depreciation	¥ 545	¥ 652	\$ 5,565
Interest expenses	35	47	357

Leased property is depreciated over the lease term by the straight-line method with no residual value. Excess of total lease payments over the assumed acquisition costs is regarded as assumed interest payable and is allocated to each period using the interest method.

(Operating lease transactions)

Lease obligations under operating leases at March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
The scheduled maturities of future lease rental payments:			
Due within one year	¥ –	¥ 2	\$ –

17. Segment Information

(1) Industry Segment Information

The Companies operate principally in the following three industrial segments:

Industry segment	Major products
Device	Diodes Fast Recovery Diodes MOS-FETs Thyristors Hybrid ICs Power ICs DC/DC Converter ICs
Equipment	Power Supplies for Communication Systems Monitoring Systems for Electronics Power Supplies for Information Systems Power Supplies for Coating Systems Inverters Automotive Electronics Components DC/DC Converters
Other	Solenoids

The segment information of the Companies for the years ended March 31, 2009 and 2008 is summarized as follows:

For the year ended March 31, 2009	Millions of Yen				
	Device	Equipment	Other	Elimination or corporate	Consolidated
Sales:					
Outside customers	¥34,952	¥45,324	¥4,963	¥ –	¥85,239
Inter-group	2,047	25	–	(2,072)	–
Total	36,999	45,349	4,963	(2,072)	85,239
Operating costs and expenses:	40,465	42,713	4,758	1,339	89,275
Operating income (loss)	(3,466)	2,636	205	(3,411)	(4,036)
Assets	39,277	24,097	2,310	24,937	90,621
Depreciation	3,361	1,199	128	433	5,121
Impairment loss	–	200	–	–	200
Capital expenditure	1,984	1,086	329	2,193	5,592

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For the year ended March 31, 2008	Millions of Yen				
	Device	Equipment	Other	Elimination or corporate	Consolidated
Sales:					
Outside customers	¥44,762	¥49,864	¥6,201	¥ –	¥100,827
Inter-group	1,113	557	–	(1,670)	–
Total	45,875	50,421	6,201	(1,670)	100,827
Operating costs and expenses:	46,541	45,029	6,171	798	98,539
Operating income	(666)	5,392	30	(2,468)	2,288
Assets	46,347	28,052	3,936	27,073	105,408
Depreciation	4,222	1,036	175	445	5,878
Capital expenditure	2,684	883	53	838	4,458

For the year ended March 31, 2009	Thousands of U.S. Dollars				
	Device	Equipment	Other	Elimination or corporate	Consolidated
Sales:					
Outside customers	\$356,647	\$462,494	\$50,646	\$ –	\$869,787
Inter-group	20,893	250	–	(21,143)	–
Total	377,540	462,744	50,646	(21,143)	869,787
Operating costs and expenses:	412,908	435,841	48,554	13,672	910,975
Operating income (loss)	(35,368)	26,903	2,092	(34,815)	(41,188)
Assets	400,788	245,888	23,566	254,461	924,703
Impairment loss	–	2,040	–	–	2,040
Depreciation	34,301	12,238	1,307	4,413	52,259
Capital expenditure	20,240	11,086	3,361	22,377	57,064

(Change in accounting policy)

• For the year ended March 31, 2008:

Up to the year ended March 31, 2007, gain on sale of scraps had been included in other income. Effective from the year ended March 31, 2008, it was recorded as reduction of cost of sales. Due to this change, operating costs and expenses of "Devices" and "Equipment" decreased by ¥382 million and ¥22 million respectively. As a result, operating income (loss) increased (decreased) by the same amounts.

• For the year ended March 31, 2009:

Effective from the year ended March 31, 2009, "Accounting Standards for Measurement of Inventories" (by the Accounting Standards Board of Japan, May 17, 2006) was adopted. Due to this change, operating loss of "Devices" increased by ¥761 million (\$7,770 thousand), operating income of "Equipment" and "Other" decreased by ¥543 million (\$5,540 thousand) and ¥3 million (\$31 thousand) respectively. Effective from the year ended March 31, 2009, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (by the Accounting Standards Board of Japan, May 17, 2006) was adopted. Due to this change, operating loss of "Devices" increased by ¥42 million (\$428 thousand), and operating income of "Equipment" decreased by ¥42 million (\$432 thousand).

(Additional information)

• For the year ended March 31, 2008:

Effective from the year ended March 31, 2008, property, plant and equipment acquired before March 31, 2007, are depreciated evenly over the five years from the year after the completion of depreciation to the limit on depreciable amount. Due to this change, operating costs and expenses of "Devices" and "Equipment" increased by ¥197 million and ¥62 million respectively. As a result, operating income (loss) decreased (increased) by the same amounts.

(2) Information by Geographic Segment

Sales of the Companies classified by geographic area (inside and outside Japan) for the years ended March 31, 2009 and 2008 are summarized as follows:

For the year ended March 31, 2009	Millions of Yen					
	Japan	Asia	North America	Europe	Elimination or corporate	Consolidated
Sales:						
Outside customers	¥59,211	¥22,829	¥2,022	¥1,177	¥ –	¥85,239
Inter-group	21,992	18,023	8	–	(40,023)	–
Total	81,203	40,852	2,030	1,177	(40,023)	85,239
Operating costs and expenses:	83,557	39,083	2,076	1,170	(36,611)	89,275
Operating income (loss)	(2,354)	1,769	(46)	7	(3,412)	(4,036)
Assets	57,260	14,320	729	511	17,801	90,621

For the year ended March 31, 2008	Millions of Yen					
	Japan	Asia	North America	Europe	Elimination or corporate	Consolidated
Sales:						
Outside customers	¥67,649	¥27,742	¥3,354	¥2,082	¥ –	¥100,827
Inter-group	27,971	23,543	–	–	(51,514)	–
Total	95,620	51,285	3,354	2,082	(51,514)	100,827
Operating costs and expenses:	92,790	49,306	3,445	2,044	(49,046)	98,539
Operating income	2,830	1,979	(91)	38	(2,468)	2,288
Assets	67,072	21,172	1,191	946	15,027	105,408

For the year ended March 31, 2009	Thousands of U.S. Dollars					
	Japan	Asia	North America	Europe	Elimination or corporate	Consolidated
Sales:						
Outside customers	\$604,190	\$232,946	\$20,636	\$12,015	\$ –	\$869,787
Inter-group	224,411	183,912	74	–	(408,397)	–
Total	828,601	416,858	20,710	12,015	(408,397)	869,787
Operating costs and expenses:	852,623	398,808	21,177	11,949	(373,582)	910,975
Operating income (loss)	(24,022)	18,050	(467)	66	(34,815)	(41,188)
Assets	584,282	146,124	7,443	5,213	181,641	924,703

(Change in accounting policy)

- For the year ended March 31, 2008:

Up to the year ended March 31, 2007, gain on sale of scraps had been included in other income. Effective from the year ended March 31, 2008, it was recorded as reduction of cost of sales. Due to this change, operating costs and expenses of "Japan" and "Asia" decreased by ¥44 million, and ¥361 million respectively. As a result, operating income increased by the same amounts.

- For the year ended March 31, 2009:

Effective from the year ended March 31, 2009, "Accounting Standards for Measurement of Inventories" (by the Accounting Standards Board of Japan, May 17, 2006) was adopted. Due to this change, operating loss of "Japan" increased by ¥1,308 million (\$13,342 thousand). Effective from the year ended March 31, 2009, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (by the Accounting Standards Board of Japan, May 17, 2006) was adopted. Due to this change, operating income of "Asia" and "Europe" decreased by ¥82 million (\$842 thousand) and ¥1 million (\$7 thousand) respectively, operating loss of "North America" increased by ¥1 million (\$11 thousand).

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(Additional information)

- For the year ended March 31, 2008:

Effective from the year ended March 31, 2008, property, plant and equipment acquired before March 31, 2007, are depreciated evenly over the five years from the year after the completion of depreciation to the limit on depreciable amount. Due to this change, operating costs and expenses of "Japan" increased by ¥259 million, and operating income decreased by the same amount.

(3) Overseas Sales

Export sales of the Companies (meaning the amounts of exports made by the Company and its domestic subsidiaries plus the sales of overseas consolidated subsidiaries) for the years ended March 31, 2009 and 2008 are presented below:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Overseas sales:			
Asia	¥30,337	¥35,774	\$309,560
North America	3,000	4,249	30,609
Europe	2,789	3,878	28,464
Others	72	50	732
Total	¥36,198	¥43,951	\$369,365

Percentage of such sales against consolidated net sales:

Asia	35.6%	35.5%
North America	3.5	4.2
Europe	3.3	3.9
Others	0.1	0.0
Total	42.5%	43.6%

18. Consolidated Statements in Changes in Net Assets

(1) Categories and Numbers of Treasury Stock

	Number of shares at beginning of the year (Thousands of shares)	Increase in numbers of shares (Thousands of shares)	Decrease in numbers of shares (Thousands of shares)	Number of shares at end of the year (Thousands of shares)
(Shares of treasury stock)				
Common stock	235	106	36	305
Total	235	106	36	305

(2) Dividends

Resolution	Share class	Cash dividends paid	Cash dividends per share	Term end	Dividend rights date
Ordinary general meeting of shareholders on June 27, 2008	Common stock	¥304 million	¥3.5	March 31, 2008	June 30, 2008
Board of directors on November 7, 2008	Common stock	¥303 million	¥3.5	September 30, 2008	December 5, 2008

19. Subsequent Events

(Offer the voluntary retirement program in the Company)

At the Board of Directors on April 22, 2009, the Company approved to offer the voluntary retirement program from 35 to 58 years old with over 10 years service in the Company, for the purpose of reducing fixed costs. As a result, 20 employees applied the program, and retired on May 20, 2009. For the applications, the Company will recognize extraordinary loss of approximately ¥100 million (\$1,020 thousand) for the year ending March 31, 2010.

(Offer the voluntary retirement programs in 3 consolidated subsidiaries)

3 consolidated subsidiaries approved at the Board of Directors to offer the voluntary retirement programs. The summary of the programs are as follows.

(1) Eligibility for the Programs

Eligible employees: With the definite requirements

Number to whom programs will be offered: Approximately 260 employees

Application period: May 11 – June 5, 2009

(2) Impact of the Offer

With the full applications to the retirement programs, extraordinary loss will amount to approximately ¥1,200 million (\$12,245 thousand).

(Reduce additional paid-in capital and legal reserve of retained earnings, and appropriate the surplus)

It was resolved at the annual shareholders' meeting of the Company held on June 26, 2009, that the Company would reduce its additional paid-in capital (included in capital surplus), transfer it to other capital surplus, and reduce its legal reserve of retained earnings and transfer it to other retained earnings. Furthermore, the Company would appropriate the surplus, based on the Japanese Corporate Law. The summary is as follows.

(1) Reduce Additional Paid-in Capital and Legal Reserve of Retained Earnings

(a) Purpose of the Reduction of Additional Paid-in Capital and Legal Reserve of Retained Earnings

The Company would reduce its additional paid-in capital and legal reserve of retained earnings to compensate for the deficit in retained earnings, realize a solid financial condition, drive for the resumption of dividends, secure the capital for future dividends, and assure greater mobility and flexibility in undertaking future capital policy.

(b) Amount of the Reduction of Additional Paid-in Capital and Legal Reserve of Retained Earnings

The additional paid-in capital of ¥13,982 million (\$142,673 thousand) as of March 31, 2009 would be reduced by ¥11,000 million (\$112,245 thousand).

The legal reserve of retained earnings of ¥1,246 million (\$12,715 thousand) as of March 31, 2009 would be reduced in its entirety.

(c) Schedule for the Reduction of Additional Paid-in Capital

Start of period for official filing of objections by creditors: May 22, 2009

End of period for official filing of objections by creditors: June 21, 2009

Reduction of additional paid-in capital becomes effective: June 26, 2009

(d) Schedule for the Reduction of the Legal Reserve of Retained Earnings

Reduction of legal reserve of retained earnings: June 26, 2009

(2) Appropriate the Surplus

Based on the Japanese Corporate Law, the Company would reduce its other capital surplus and general reserve of retained earnings, and transfer the amounts to other retained earnings.

Other capital surplus would be reduced by ¥3,475 million (\$35,463 thousand) and the general reserve of retained earnings by ¥8,279 million (\$84,478 thousand). As a result, other retained earnings would increase by ¥11,754 million (\$119,941 thousand).