

**NIPPON THOMPSON CO., LTD.**

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

(URL: <http://www.ikont.co.jp/eg/>)

May 18, 2009

**Consolidated Financial Report  
for the Fiscal Year ended March 31, 2009**

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Scheduled date of Ordinary General Meeting of Shareholders: June 26, 2009

Scheduled date to submit Annual Securities Report: June 26, 2009

Scheduled date to begin Dividend payments: June 29, 2009

Figures have been rounded off to eliminate amounts less than one million yen.

**1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2009****(From April 1, 2008 to March 31, 2009)****(1) Results of Consolidated Operations**

Years ended March 31, 2009 and 2008

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
<b>2009</b>	<b>41,281</b>	<b>(20.8)</b>	<b>2,790</b>	<b>(65.8)</b>	<b>2,672</b>	<b>(66.9)</b>	<b>445</b>	<b>(87.5)</b>
2008	52,101	3.3	8,153	(17.3)	8,075	(19.2)	3,566	(43.7)

Note: Percentage change for net sales, operating income, ordinary income, and net income indicate percentage increase/decrease compared to the same period in the previous year.

	Net income per share (Yen)	Diluted net income per share (Yen)	Return on equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
<b>2009</b>	<b>6.06</b>	<b>5.80</b>	<b>0.8</b>	<b>3.2</b>	<b>6.8</b>
2008	48.37	43.66	6.0	9.5	15.6

Reference: Equity in earnings of affiliates

Fiscal year ended March 31, 2009: - million yen

Fiscal year ended March 31, 2008: - million yen

## (2) Consolidated Financial Position

Years ended March 31, 2009 and 2008

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>2009</b>	<b>81,021</b>	<b>55,733</b>	<b>68.8</b>	<b>758.70</b>
2008	84,761	59,004	69.6	803.14

Reference: shareholders' equity

Fiscal year ended March 31, 2009: 55,733 million yen

Fiscal year ended March 31, 2008: 59,004 million yen

## (3) Consolidated Cash Flows

Years ended March 31, 2009 and 2008

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
<b>2009</b>	<b>(224)</b>	<b>(4,085)</b>	<b>3,424</b>	<b>12,559</b>
2008	6,573	(8,247)	(2,125)	14,004

## 2. Dividends

Base date	Dividends per share				
	June 30 (Yen)	September 30 (Yen)	December 31 (Yen)	March 31 (Yen)	Full Fiscal Year (Yen)
<b>2010 (Forecast)</b>	-	-	-	-	-
<b>2009</b>	-	<b>8.00</b>	-	<b>3.00</b>	<b>11.00</b>
2008	-	8.00	-	8.00	16.00

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
<b>2010 (Forecast)</b>	-	-	-
<b>2009</b>	<b>808</b>	<b>181.5</b>	<b>1.5</b>
2008	1,193	33.1	2.0

Note: Forecast of dividends per share for the year ending March 31, 2010, is not yet decided.

### 3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2010

Six-month period ending September 30, 2009, and the fiscal year ending March 31, 2010						(Millions of yen)
	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
Six-month period ending September 30, 2009	9,200	(64.2)	(3,100)	-	(3,200)	-
Year ending March 31, 2010	-	-	-	-	-	-

  

	Net income	Percentage change	Net income per share (Yen)
Six-month period ending September 30, 2009	(3,400)	-	(46.28)
Year ending March 31, 2010	-	-	-

Note: Percentage change for net sales, operating income, ordinary income, and net income indicate percentage increase/decrease compared to the same period in the previous year.

Forecast of full fiscal year consolidated operating performance for the fiscal year ending March 31, 2010, is not yet decided.

### 4. Others

- (1) Changes in the state of significant subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None
- (2) Changes in principles, procedures, methods of presentation, etc. related to the consolidated financial statements (Changes in significant items that form the basis for the preparation and presentation of the consolidated financial statements)

Changes related to revisions in accounting principles: Yes

Changes other than those in above: None

Note: For further details, please refer to "Changes in Basis for the Presenting of the Consolidated Financial Statements" on pages 19 to 20.

- (3) Number of shares issued (Common stock)

Number of shares outstanding at period-end (Including treasury stock)

Fiscal year ended March 31, 2009: 73,499,875 shares

Fiscal year ended March 31, 2008: 74,599,875 shares

Number of treasury stock

Fiscal year ended March 31, 2009: 40,737 shares

Fiscal year ended March 31, 2008: 1,132,824 shares

Note: For an explanation of the number of shares used for calculating consolidated net income per share, please refer to "Per Share Information" on page 25.

**Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2009**  
**(From April 1, 2008 to March 31, 2009)**

**(1) Results of Non-consolidated Operations**

Years ended March 31, 2009 and 2008

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
<b>2009</b>	<b>35,755</b>	<b>(22.6)</b>	<b>1,920</b>	<b>(72.8)</b>	<b>1,999</b>	<b>(71.5)</b>	<b>579</b>	<b>(80.6)</b>
2008	46,169	2.8	7,068	(19.3)	7,012	(20.5)	2,985	(44.3)

Note: Percentage change for net sales, operating income, ordinary income, and net income indicate percentage increase/decrease compared to the same period in the previous year.

	Net income per share (Yen)	Diluted net income per share (Yen)
<b>2009</b>	<b>7.90</b>	<b>7.55</b>
2008	40.49	36.54

**(2) Non-consolidated Financial Position**

Years ended March 31, 2009 and 2008

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>2009</b>	<b>75,400</b>	<b>51,638</b>	<b>68.5</b>	<b>702.96</b>
2008	75,690	52,875	69.9	719.72

Note: shareholders' equity

Fiscal year ended March 31, 2009: 51,638 million yen

Fiscal year ended March 31, 2008: 52,875 million yen

Performance forecasts presented herein are based on information available to the Nippon Thompson Group (the "Group") as of the date of this document, May 18, 2009. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections. For performance forecasts, please refer to "Operating Results and Financial Position (1) Analysis of Operating Results [Outlook]" on pages 6 to 7.

## **Operating Results and Financial Position**

### **(1) Analysis of Operating Results**

#### ***Overview for the Fiscal Year Ended March 31, 2009***

In the fiscal year ended March 31, 2009, the Japanese economy showed comparatively steady performance despite the deepening trend toward deceleration caused by skyrocketing prices of crude oil and raw materials in the first half. The situation reversed from early fall, however, with the financial crisis triggered in the United States spilling over into the real economy to usher in a rapid and drastic recession of global proportions. In addition to the significant decline in exports, the market environment in which the Group operates became extremely and unprecedentedly difficult due to a combination of large-scale adjustments in production and decreased or frozen private capital investment, particularly in the manufacturing industry.

Under these circumstances, the Group proactively promoted its key marketing strategy of a “user-centered, proposal-based sales approach” working tirelessly to secure orders from existing markets and to create new market demand by means of product sales that meet user needs and detailed user support. From the standpoint of product development, which is essential for stimulating demand, the Group focused on developing and bringing to market its proprietary product lineup—including its mainstay smooth-motion, high-rigidity, highly reliable and accurate “Four Rows of Cylindrical Roller-type Linear Motion Guide” as well as its “Maintenance-Free Series,” which is designed to reduce environmental impact—to cultivate new demand. From the production standpoint and in view of the significant fall in orders from the second half of the period under review, the Group implemented production adjustments, reduced manufacturing costs and reviewed capital investments in its all-out efforts to stem profit decline.

There proved to be no escape, however, from the impact of an economic downturn that was worse than expected, involving reduced orders from the Group’s major customers for electronics-related industries and machine tools due to production cuts. The decreased or frozen private capital investment that spread across the entire machine industry added to the deteriorating global export market. Combined with the negative effect from a strengthening yen, these factors resulted in a significant decline in the Group’s sales in the second half of the period under review.

As a result, the Group’s net sales decreased 20.8% compared with the corresponding period of the previous fiscal year, to ¥41,281 million. On the earnings front, in addition to pushing ahead with cost reductions and streamlining administrative operations to thoroughly reduce expenditure, efforts were made to rein in the decline in profits by adjusting production to match orders. Nevertheless, ordinary income fell 66.9% to ¥2,672 million compared with the corresponding period of the previous fiscal year due to the significant fall in sales and the associated decrease in operating capacity. Net income dropped 87.5% to ¥445 million due to a loss from the write-down of investment in securities of ¥1,562 million.

#### ***Business Segment Information***

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components on an integrated basis, business segment information is not provided.

As a result, sales in Needle Roller Bearings, Linear Motion Rolling Guides totaled ¥35,478 million, 21.1% decrease compared to the same period in the previous year. Sales in Machine Components declined 18.7% to ¥5,803 million.

## Business Segment Information

	March 31, 2009		March 31, 2008		Change	
	Millions of yen	Component percentages	Millions of yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	<b>35,478</b>	<b>85.9</b>	44,964	86.3	(9,486)	(21.1)
Machine Components	<b>5,803</b>	<b>14.1</b>	7,136	13.7	(1,332)	(18.7)
Total net sales	<b>41,281</b>	<b>100.0</b>	52,101	100.0	(10,819)	(20.8)

## Geographic Segment Information

### Japan

With the worsening business conditions, in the second half of the period the Japanese market witnessed an unprecedented decline in sales brought about by large-scale production adjustments undertaken primarily in the manufacturing industry. These were accompanied by the rapid and drastic decreases in or freezing of private capital investment. Particularly notable was the precipitous decrease in sales to the Group's major customers for electronics-related industries, such as semiconductor and electronic components mounting equipment, machine tools, and domestic sales agencies. Exports plummeted in the second half as a result of the sudden global recession and currency exchange rate fluctuations. As a result, net sales decreased 23.7% compared with the corresponding period of the previous fiscal year, to ¥31,373 million. Greatly impacted by the decline in profits despite the Group's efforts to reduce costs, operating income fell 69.8% to ¥2,350 million.

### North America

In North America, sales of medical equipment and precision machinery were strong during the first half of this fiscal year. However, net sales declined 15.2% to ¥4,467 million, and operating income dropped 60.2% to ¥193 million due to stagnant demand in the electronics-related industries and business from sales agencies decline in the United States in the second half of this fiscal year, as well as the impact from foreign exchange rate fluctuations.

### Europe

In Europe, net sales decreased 4.9% to ¥5,440 million, and operating income plummeted 69.5%, to ¥141 million. Although business performance had been comparatively strong in the first half of the period, factors for these declines included the spread of the financial crisis in the second half. This led to a fall in sales to electronics-related industries and machine tools brought about by private capital investment retrenchment, and business from sales agencies, as well as the negative effects of currency exchange rate fluctuations.

### Outlook

Following the abrupt downturn in the latter half of 2008, the unexpectedly harsh conditions of the global economy are expected to continue. In Japan in particular, negative year-on-year growth is predicted in all industries in which the Group's major customers are operating, including machine tools, semiconductor and electronic components mounting equipment. Furthermore, although signs have appeared that the downward spiral has been partially halted in the Chinese market, it is thought that the global economy in general will require a considerable length of time to emerge from recession.

Continuing to promote its key marketing strategy of a “user-centered, proposal-based sales approach” the Group will enhance its solution proposal capabilities and take actions that will be of genuine assistance to customers. Moreover, the Group will construct an optimal production system to keep pace with trends in demand and, in addition to further cost reductions, do everything in its power to further reduce costs. Due to the unprecedented severity of the environment in which the Group is operating, however, the consolidated performance forecasts for the second quarter currently call for net sales of ¥9,200 million, ordinary loss of ¥3,200 million and a net loss of ¥3,400 million. In view of the extreme difficulties involved in calculating reasonable numerical estimates at the present time, full fiscal year consolidated operating performance forecasts will be announced at a later date. These will be promptly disclosed as and when this becomes possible.

## **(2) Analysis of Financial Position**

Total assets as of March 31, 2009, totaled ¥81,021 million, a decrease of ¥3,739 million compared with the end of the previous fiscal year. This mainly, cash and deposits decreased ¥2,245 million, notes and accounts receivable-trade fell ¥6,480 million, investment securities declined ¥2,368 million, inventories rose ¥4,403 million, and tangible fixed assets increased ¥2,100 million.

Total liabilities totaled ¥25,288 million, a decrease of ¥468 million compared with the end of the previous fiscal year. This mainly, long-term bank loans rose ¥12,722 million, notes and accounts payable-trade decreased ¥3,237 million, income taxes payable declined ¥1,499 million, and convertible bond repaid ¥7,586 million.

For the efficient procurement of operating capital, a contract covering the setting up of a ¥4 billion commitment line is being concluded with financial institutions.

Total net assets amounted to ¥55,733 million, a decrease of ¥3,270 million compared with the end of the previous fiscal year. The main components were a retirement of treasury stock of ¥1,209 million, a decrease in retained earnings of ¥1,948 million, and a decline of revaluation and translation difference of ¥2,530 million.

### ***Cash Flows***

Cash and cash equivalents at the end of this fiscal year totaled ¥12,559 million, a decrease of ¥1,445 million from the same period of the previous year.

The situations of cash flows are as follows.

### ***Cash Flows from Operating Activities***

Net cash used by operating activities was ¥224 million. This was mainly due to income before income taxes of ¥1,114 million, depreciation and amortization of ¥3,272 million, loss from a write - down of investment securities of ¥1,562 million, a decrease in notes and accounts receivable - trade of ¥6,144 million, an increase in inventories of ¥5,590 million, a decrease in notes and accounts payable - trade of ¥3,069 million, and income taxes paid of ¥1,710 million.

### *Cash Flows from Investing Activities*

Net cash used in investing activities totaled ¥4,085 million, the principal components being ¥800 million for proceeds from time deposits and ¥5,136 million for the payment for purchase of property, plant and equipment.

The free cash flow totaling the cash flow from operating activities and the cash flow from investing activities changed to (¥4,310) million.

### *Cash Flows from Financing Activities*

Net cash provided by financing activities was ¥3,424 million. This was mainly due to proceed from long-term bank loans of ¥13,000 million, convertible bond repaid ¥7,586 million, and cash dividends paid of ¥1,174 million.

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Equity ratio (%)	67.7	68.5	69.6	<b>68.8</b>
Equity ratio on market value basis (%)	130.2	94.5	53.0	<b>30.1</b>
Debt repayment period (Years)	0.3	0.2	0.1	-
Interest coverage ratio (Times)	37.1	110.1	94.6	-

Notes:

Equity ratio:	total shareholders' equity / total assets
Equity ratio on market value basis:	aggregate market value of common stock / total assets
Debt repayment period:	interest-bearing liabilities / cash flows from operating activities
Interest coverage ratio:	cash flows from operating activities / interest payments

1. All indices based on consolidated financial figures.

2. Aggregate market value of common stock:

Market price at the period-end x number of shares outstanding at the period-end (excluding treasury stock)

3. Cash flow from operating activities corresponds to the cash flow from operating activities in the consolidated statement of cash flows. Interest-bearing liabilities include all liabilities reported on the consolidated balance sheet for which the Group is paying interest. Interest payments correspond to the interest paid in the consolidated statement of cash flows.

### **(3) Fundamental Earnings Distribution Policy and Dividends for the Current and Next Fiscal Periods**

Shareholder returns are one of the most important management issues Nippon Thompson Co., Ltd. (the "Company"). The Company's fundamental policy is to maintain stable dividends with due consideration given to earnings and overall business performance. While paying close heed to such factors as the business environment, the Company uses internal reserves to maximize corporate value, increase earning power and strengthen its business base, as well as to invest in manufacturing facility expansion or renovation to develop new products in response to rapid technological innovation and changes in demand.

Having thoroughly considered business performance and internal reserves as per the fundamental policy, the Company plans a year-end dividend of ¥3 per share, making a total of ¥11 per share for the year.

In view of the worsening situation in the global economy, the severity of the operating environment and the uncertainties ahead, the dividend for the fiscal year ending March 31, 2010, is not yet decided.

## Business Risks and Other Risks

Risk factors that may possibly have an effect on the Group's operating results and financial position are set out below. While acknowledging the possibility of these risks occurring, the Group has policies in place to prevent any occurrence and, should the need arise, to respond appropriately.

Forward-looking statements in the text are based on the judgments of the Group's management as of May 18, 2009, the date of this financial report.

### 1. Market environment

The Group's sales are made up of 85% for Needle Roller Bearings, Linear Motion Rolling Guides and 15% for Machine Components with no major changes foreseen in this respect; no entries into new business areas are foreseen at the present time.

The Group's products are used in a wide variety of fields, including domestic and overseas electronics-related industries, machine tools, automobiles and motorbikes, robots, construction and general machinery. Therefore, the possibility exists that the decline in demand resulting from the recession in the Group's main markets, which include Japan, North America, Europe and Asia, will affect its operating and financial results.

### 2. Currency exchange rate movements

The Group sells its products in global markets, including North America, Europe and Asia. Therefore, although the Group hedges the risk from currency exchange rate movements by means of forward-exchange contracts, it is not possible to completely eliminate this risk. In addition, items denominated in foreign currencies, including the sales, costs and assets of overseas consolidated subsidiaries in the United States and the Netherlands, etc. are translated into yen for the purposes of the consolidated financial statements and can be affected by currency exchange rate movements.

### 3. Overseas business activities

As the Group conducts an increasing proportion of its business in overseas markets, the possibility exists that its business operations will be affected by, for example, changes in foreign laws and regulations as well as by political and economic turmoil.

### 4. Product development

Needle Roller Bearings, Linear Motion Rolling Guides produced and sold by the Group reflect user needs gathered by its "user-centered, proposal-based sales approach" which forms the linchpin of its sales strategy. The products are launched into markets having been extensively developed so that they are set apart from rival companies' products. However, should a fall in demand be caused by lower-cost products that nevertheless display comparatively superior quality and performance, there remains the concern that this would cause difficulties in setting sales prices commensurate with the Group's value-added products.

### 5. Production system

The Group regards as indispensable the prioritizing of investment in raw materials and production facilities so that it can respond to the constantly changing demands in domestic and overseas markets as well as to requests for shorter delivery

times. Accordingly, the Group endeavors to maintain and improve a production system that is capable of responding flexibly to users' changing demands. There remains the concern, however, that greater than expected short-term changes in demand may result in supply delays and cost increases.

#### 6. Occurrence of large-scale disaster

Should a large-scale natural disaster such as an earthquake or some other disaster occur at a Group production site, there exists the possibility that production capabilities will be reduced and that performance will be affected or lost as a result of the reduction or loss of production facilities, products and products in process.

The various kinds of risk stated above are not intended to provide an exhaustive list of all the forms of risk to which the Group might be exposed.

## **Status of the Group**

As there were no significant changes to the diagram "Business Flows within the Group" and the text "Overview of Related Companies" in the latest annual securities report (produced on June 27, 2008), these have been omitted.

## **Management Policies**

### **(1) Fundamental Management Policies**

Based on the corporate philosophy of "contributing to society as an R&D-oriented company," the Group—a trusted international enterprise—is committed to serving domestic and overseas markets through the manufacture and sale of Needle Roller Bearings and Linear Motion Rolling Guides. Our emphasis is on quality rather than scale, as we see our mission as developing high-value-added products that meet customer needs. The entire company is engaged in an effort to associate the Nippon Thompson brand with the acronym IKO—"I" for Innovation, because the Company's products are always innovative; "K" for Know-how, because they incorporate a high level of technological expertise; and "O" for Originality, because they are highly creative.

The Group believes that contributing to the development of society is one of its most important management policies. While thoroughly instilling corporate ethics, we make every effort to ensure compliance in management and contribute to the preservation of the global environment as a good corporate citizen. Our corporate activities take into account this social mission.

### **(2) Management Targets and Performance Indicators**

Raising shareholder return on equity (ROE), in an effort to maximize shareholder value, is the principal indicator for the Group. Management also focuses on improving cash flows to enhance stability and to strengthen the Group's financial position.

### **(3) Medium-Term Management Strategies**

To remain a creative and competitive corporate group in this era of economic globalization, the Group is strengthening ties

among domestic and overseas Group companies, and concentrating management resources into Linear Motion Rolling Guides and other high-growth strategic businesses. Strengthening the Group's ability to meet demand in this way will allow improved earning power and strengthen the Group's financial position.

#### **(4) Issues to Be Resolved**

From the matters to be addressed standpoint in the fiscal year ending March 31, 2010, the harsh operating environment is expected to continue. In addition to, for example, thorough cost price and cost reductions, the Group will consequently endeavor to return to profit by means of the measures listed below. Amid the growing globalization of the economy and the global scale of the technological innovation, the Group will build up a precise picture of the drastically changing trends in the domestic and overseas markets and work to steadily lay the foundations of robust operations from a long-term perspective. In addition, the Group will focus on efforts aimed at improving corporate value, from the environmental standpoint and by the superior performance of its products.

Through the "user-centered, proposal-based sales activities" that are the linchpin of our marketing strategy, we are working to develop new markets and to increase our market share. As a foundation for this, we are building a rational and efficient sales system that is adaptable to the changes in domestic and overseas markets.

In Japan's domestic markets, the Group's strategies will not only concentrate on emerging industries in principal markets, but also involve planning sophisticated sales activities that are not solely focused on market scale. The cornerstone of proposal-based sales activities will include directly visiting users where small-scale exhibitions can be held and actively hosting technology-training sessions and workshops. Through the cultivation of a broad-range manufacturing industry, the Group is striving for the formation of a well-balanced sales structure that will not be easily influenced by the economic trends of one specific industry.

In overseas markets, strengthening overseas sales is indispensable if the Group is to increase the market penetration of its products and further expand its business capacity. Consequently, the sales network is being upgraded and expanded with the emphasis on the Group's local overseas subsidiaries in the United States, Europe and China. In parallel with these moves, market development will be aggressively undertaken in newly emerging economies. The sales network will be enhanced from a global perspective and sales expansion planned to fully tap the needs of the market.

The Group recognizes that improving new product development capabilities is essential if the Group is to contribute to society through its products and increase its corporate value. The Group is employing its user-oriented product development system, which was established as an internal structure, to develop proprietary high-value-added products that provide customer satisfaction. The Group is also working to accelerate more widespread customer demand for IKO brand products by further differentiating these products and accentuating the various advantages that they offer.

In the fiscal year ended March 31, 2009, the Company launched 14 new products to stimulate that demand. We will continue to focus on the development of products that are optimally suited to the needs of the market.

In its manufacturing operations, the Group is working to establish a highly profitable production system in an increasingly competitive global market while improving on and building up domestic production bases that can respond flexibly to changes in demand. In specific terms, the Group will review shifts in production by product as appropriate with

changes in demand and plans to strengthen its international competitiveness through close collaboration between domestic production bases and overseas subsidiaries. In addition to plans to enhance the production system from a long-term perspective, the Company is pressing ahead with production activities that can bring about higher profitability. In addition, the Group will bring to fruition products that respond rapidly to changes in the market and improve the market competitiveness of the Group as a whole.

## Consolidated Financial Statements

### Consolidated Balance Sheets

As of March 31, 2009 and 2008

ASSETS	Millions of yen	
	March 31, 2009	March 31, 2008
Current Assets:		
Cash and deposits	12,559	14,804
Notes and accounts receivable - trade	6,719	13,199
Inventories	-	26,594
Finished products	15,696	-
Material in process	8,867	-
Raw material	6,434	-
Deferred tax assets	1,217	1,864
Others	2,373	845
Less: Allowance for doubtful accounts	(22)	(36)
Total current assets	<u>53,844</u>	<u>57,272</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	5,193	5,578
Machinery and vehicles	8,003	7,948
Tools and fixtures	1,116	1,411
Land	3,145	1,484
Construction in progress	1,385	320
Net property, plant and equipment	<u>18,844</u>	<u>16,743</u>
Intangible fixed assets	250	340
Investments and other assets:		
Investment securities	4,874	7,242
Deferred tax assets	630	13
Others	2,682	3,201
Less: Allowance for doubtful accounts	(106)	(51)
Total investments and other assets	<u>8,081</u>	<u>10,405</u>
Total fixed assets	<u>27,177</u>	<u>27,489</u>
TOTAL ASSETS	<u><u>81,021</u></u>	<u><u>84,761</u></u>

LIABILITIES	Millions of yen	
	March 31, 2009	March 31, 2008
Current Liabilities:		
Notes and accounts payable - trade	6,675	9,912
Short-term bank loans	284	981
Current portion of convertible bond	-	7,586
Current portion of long-term bank loans	555	-
Accrued expenses	2,022	2,966
Income taxes payable	164	1,663
Allowance for directors' and corporate auditors' bonuses	46	81
Others	1,623	1,264
Total current liabilities	11,370	24,455
Long-Term Liabilities:		
Long-term bank loans	12,167	-
Deferred tax liabilities	245	236
Accrued retirement benefits	1,200	679
Liability for retirement benefits for directors and corporate auditors	275	356
Others	27	27
Total long-term liabilities	13,917	1,301
TOTAL LIABILITIES	25,288	25,757
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	34,630	36,579
Treasury stock	(37)	(1,246)
Total shareholders' equity	57,011	57,752
Revaluation and Translation difference:		
Net unrealized holding gains on available-for-sale securities	475	1,136
Foreign currency translation adjustments	(1,753)	115
Total revaluation and translation difference	(1,278)	1,252
TOTAL NET ASSETS	55,733	59,004
TOTAL LIABILITIES AND NET ASSETS	81,021	84,761

## Consolidated Statements of Income

Years ended March 31, 2009 and 2008

	Millions of yen	
	March 31, 2009	March 31, 2008
Net sales	41,281	52,101
Cost of sales	28,034	33,188
Gross profit	13,247	18,913
Selling, general and administrative expenses	10,457	10,760
Operating income	2,790	8,153
Non-Operating Income:		
Interest income	81	148
Dividend income	154	106
Others	166	120
	402	375
Non-Operating Expenses:		
Interest expenses	103	3
Foreign currency translation loss	185	130
Others	232	319
	521	453
Ordinary income	2,672	8,075
Extraordinary income:	4	39
Extraordinary losses:		
Loss on sales of property, plant and equipment	-	22
Loss from write-down of investment securities	1,562	990
	1,562	1,012
Income before income taxes	1,114	7,102
Income taxes:		
Current	246	3,509
Deferred	421	26
Net income	445	3,566

## Statement of Changes in Consolidated Shareholders' Equity

For the fiscal year ended March 31, 2009

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2008	<b>9,532</b>	<b>12,886</b>	<b>36,579</b>	<b>(1,246)</b>	<b>57,752</b>
Decrease from accounting method changes at overseas subsidiaries	-	-	(6)	-	(6)
Changes during the period					
Cash dividends	-	-	(1,175)	-	(1,175)
Net income	-	-	445	-	445
Acquisition of treasury stock	-	-	-	(6)	(6)
Sales of treasury stock	-	(0)	(3)	6	3
Retirement of treasury stock	-	-	(1,209)	1,209	-
Net changes in items other than shareholders' capital	-	-	-	-	-
Total changes during the period	-	(0)	(1,942)	1,208	(733)
As of March 31, 2009	<b>9,532</b>	<b>12,886</b>	<b>34,630</b>	<b>(37)</b>	<b>57,011</b>

	Revaluation and Translation difference			Total net assets
	Net unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Total revaluation and translation difference	
As of March 31, 2008	<b>1,136</b>	<b>115</b>	<b>1,252</b>	<b>59,004</b>
Decrease from accounting method changes at overseas subsidiaries	-	-	-	(6)
Changes during the period				
Cash dividends	-	-	-	(1,175)
Net income	-	-	-	455
Acquisition of treasury stock	-	-	-	(6)
Sales of treasury stock	-	-	-	3
Retirement of treasury stock	-	-	-	-
Net changes in items other than shareholders' capital	(661)	(1,869)	(2,530)	(2,530)
Total changes during the period	(661)	(1,869)	(2,530)	(3,264)
As of March 31, 2009	<b>475</b>	<b>(1,753)</b>	<b>(1,278)</b>	<b>55,733</b>

For the fiscal year ended March 31, 2008

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2007	9,532	12,887	34,196	(77)	56,538
Changes during the period					
Cash dividends	-	-	(1,183)	-	(1,183)
Net income	-	-	3,566	-	3,566
Acquisition of treasury stock	-	-	-	(1,170)	(1,170)
Sales of treasury stock	-	(0)	-	1	0
Net changes in items other than shareholders' capital	-	-	-	-	-
Total changes during the period	-	(0)	2,382	(1,169)	1,213
As of March 31, 2008	9,532	12,886	36,579	(1,246)	57,752

	Revaluation and Translation difference			Total net assets
	Net unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Total revaluation and translation difference	
As of March 31, 2007	2,190	164	2,354	58,893
Changes during the period				
Cash dividends	-	-	-	(1,183)
Net income	-	-	-	3,566
Acquisition of treasury stock	-	-	-	(1,170)
Sales of treasury stock	-	-	-	0
Net changes in items other than shareholders' capital	(1,053)	(48)	(1,102)	(1,102)
Total changes during the period	(1,053)	(48)	(1,102)	110
As of March 31, 2008	1,136	115	1,252	59,004

## Consolidated Statements of Cash Flows

Years ended March 31, 2009 and 2008

	Millions of yen	
	<u>March 31,</u> <u>2009</u>	<u>March 31,</u> <u>2008</u>
Cash Flows from Operating Activities:		
Income before income taxes	1,114	7,102
Depreciation and amortization	3,272	3,187
Increase (decrease) in accrued retirement benefits	516	(63)
Interest and dividend income	(235)	(255)
Interest expenses	103	3
Write-down of investment in securities	1,562	990
Decrease (increase) in notes and accounts receivable - trade	6,144	(123)
Increase in inventories	(5,590)	(1,136)
Increase in other accounts receivable	(1,311)	-
Decrease (increase) in notes and accounts payable - trade	(3,069)	384
Decrease (increase) in accrued expenses	(888)	210
Others - net	(235)	558
Subtotal	<u>1,382</u>	<u>10,859</u>
Interest and dividend income received	235	255
Interest paid	(133)	(69)
Income taxes paid	(1,710)	(4,471)
Net cash used (provided) by operating activities	<u>(224)</u>	<u>6,573</u>
Cash Flows from Investing Activities:		
Payments into time deposits	-	(800)
Proceeds from time deposits	800	200
Payments for purchase of property, plant and equipment	(5,136)	(4,095)
Payments for purchase of investment securities	(298)	(3,512)
Others - net	549	(39)
Net cash used in investing activities	<u>(4,085)</u>	<u>(8,247)</u>
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term bank loans	(533)	227
Proceeds from long-term bank loans	13,000	-
Repayments of long-term bank loans	(277)	-
Repayment of convertible bond	(7,586)	-
Payments for purchase of treasury stock	(6)	(1,170)
Cash dividends paid	(1,174)	(1,183)
Others - net	3	0
Net cash provided (used) in financing activities	<u>3,424</u>	<u>(2,125)</u>
Foreign currency translation adjustments on cash and cash equivalents	<u>(560)</u>	<u>(53)</u>
Net decrease in cash and cash equivalents	<u>(1,445)</u>	<u>(3,853)</u>
Cash and cash equivalents at beginning of year	<u>14,004</u>	<u>17,858</u>
Cash and cash equivalents at end of year	<u><u>12,559</u></u>	<u><u>14,004</u></u>

## Notes on the Premise of a Going Concern

There are no applicable articles.

## Basis for the Presentation of the Consolidated Financial Statements

### 1. Significant Accounting Policy

#### 1. Valuation basis and method of significant assets

Securities:

Held-to-maturity

Amortized cost method (Straight-line)

Other marketable securities

Securities with market value

The Group adopted the market value method based on market prices and other conditions at the end of the fiscal year. (The Group accounted for all valuation differences based on the direct net asset method and sales costs are calculated by the moving average method.)

Securities without market value

Mainly a moving average method.

Inventories:

Mainly an average method. (The amounts of inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined principally by the average method.)

#### 2. Depreciation method of significant depreciable assets

Tangible fixed assets:

Mainly declining-balance method.

Major useful lives are as follows:

Buildings and structures: 3 to 50 years

Machinery and vehicles: 5 to 12 years

Intangible fixed assets:

Straight-line method

The software used in the Group is depreciated using the straight-line method with an effective life of five years of mainly internal usability.

## Changes in Basis for the Presenting Consolidated Financial Statements

### Changes in Accounting Policy

Inventories

With the Group adoption of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) from the fiscal year ended March 31, 2009, inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined principally by the average method.

This resulted in ¥68 million decline in operating income, ordinary income and income before income taxes, respectively.

#### Lease transactions

From the fiscal year ended March 31, 2009, the Group and its major domestic consolidated subsidiaries have adopted “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007) and “Implementation Guidance on Accounting Standard for Lease Transaction” (ASBJ Guidance No. 16, March 30, 2007).

There is no impact for the consolidated income

#### Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied from the fiscal year ended March 31, 2009, and necessary modifications have been made for consolidation.

The impact of the change on the consolidated income is immaterial.

#### **Additional Information**

##### Changes in service lives of tangible fixed assets

The Group and its domestic consolidated subsidiaries had previously used 10 years as the service life of machine equipment. With effect from the period under review, this has been changed to 12 years.

This change was brought about by a review of asset utilization carried out at the time of the 2008 tax system revisions.

This resulted in ¥119 million increased in operating income, ordinary income and income before income taxes, respectively.

As there have been no significant changes apart from “Changes in Basis for the Presenting Consolidated Financial Statements” above since they were mentioned in the latest annual securities report (published on June 27, 2008), these have been omitted.

## Changes in Presentation Methods

### (Consolidated Balance Sheets)

	Millions of yen	
	<b>March 31, 2009</b>	March 31, 2008
1. Items for non-consolidated subsidiaries		
Investment securities	<b>136</b>	136
Investment	<b>150</b>	150

### (Consolidated Statements of Income)

	Millions of yen	
	<b>March 31, 2009</b>	March 31, 2008
1. Major items of Selling, general and administrative expenses		
Employees' salaries	<b>3,606</b>	3,987
Welfare expenses	<b>635</b>	665
Packing and distribution expenses	<b>689</b>	716
Rent expenses	<b>563</b>	558
Business consignment expenses	<b>773</b>	762
2. Research and development costs	<b>1,086</b>	1,151

**(Statement of Changes in Consolidated Shareholders' Equity)**

For the fiscal Year ended March 31, 2009

1. Class and Number of Shares Issued

	As of March 31, 2008 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2009 (Shares)
Common stock	<b>74,599,875</b>	-	<b>1,100,000</b>	<b>73,499,875</b>

Notes:

1. The decrease of 1,100,000 shares of common stock is due to retire of treasury stock.

2. Class and Number of Treasury stock

	As of March 31, 2008 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2009 (Shares)
Common stock	<b>1,132,824</b>	<b>14,344</b>	<b>1,106,431</b>	<b>40,737</b>

Notes:

1. The increase of 14,344 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.
2. The decrease of 1,100,000 shares of treasury stock is due to retire of treasury stock.
3. The decrease of 6,431 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.

3. Dividend

(1) Dividend Paid

Resolution	Class of Stock	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 27, 2008	<b>Common stock</b>	<b>587</b>	<b>8.00</b>	<b>March 31, 2008</b>	<b>June 30, 2008</b>
Board of directors on November 10, 2008	<b>Common stock</b>	<b>587</b>	<b>8.00</b>	<b>September 30, 2008</b>	<b>December 10, 2008</b>

(2) Dividend with a record date that falls within the current fiscal period under review and an effective date in the following fiscal period

Resolution	Class of stock	Resource of dividend	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 26, 2009	<b>Common stock</b>	<b>Retained earnings</b>	<b>220</b>	<b>3.00</b>	<b>March 31, 2009</b>	<b>June 29, 2009</b>

For the fiscal Year ended March 31, 2008

1. Class and Number of Shares Issued

	As of March 31, 2007 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2008 (Shares)
Common stock	74,599,875	-	-	74,599,875

2. Class and Number of Treasury stock

	As of March 31, 2007 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2008 (Shares)
Common stock	115,121	1,019,045	1,342	1,132,824

Notes:

1. The increase of 1,000,000 shares of treasury stock is due to purchase of the board of directors' resolution.
2. The increase of 19,045 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.
3. The decrease of 1,342 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.

3. Dividend

(1) Dividend Paid

Resolution	Class of Stock	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 28, 2007	Common stock	595	8.00	March 31, 2007	June 29, 2007
Board of directors on November 12, 2007	Common stock	587	8.00	September 30, 2007	December 6, 2007

(2) Dividend with a record date that falls within the current fiscal period under review and an effective date in the following fiscal period

Resolution	Class of stock	Resource of dividend	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 27, 2008	Common stock	Retained earnings	587	8.00	March 31, 2008	June 30, 2008

(Consolidated Cash Flow)

Millions of yen

<u>March 31, 2009</u>	<u>March 31, 2008</u>
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Relationship between cash and cash equivalents year ended and the amount of the account stated in the consolidated balance sheets.

Cash and deposits	<b>12,559</b>	14,804
Time deposits with maturity exceeding three months	-	(800)
Cash and cash equivalents at end of period	<b>12,559</b>	14,004

(Segment Information)

1. Segment Information by Geographic Areas

(Millions of yen)

	Fiscal Year ended March 31, 2009					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	31,373	4,467	5,440	41,281	-	41,281
(2) Inter-segment sales	6,016	4	14	6,035	(6,035)	-
Total net sales	37,390	4,471	5,454	47,317	(6,035)	41,281
Operating expenditure	35,040	4,278	5,313	44,631	(6,140)	38,491
Operating income	2,350	193	141	2,685	104	2,790
Assets	61,226	3,618	3,333	68,178	12,843	81,021

(Millions of yen)

	Fiscal Year ended March 31, 2008					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	41,114	5,265	5,721	52,101	-	52,101
(2) Inter-segment sales	7,278	1	18	7,297	(7,297)	-
Total net sales	48,393	5,266	5,739	59,399	(7,297)	52,101
Operating expenditure	40,607	4,780	5,274	50,662	(6,714)	43,948
Operating income	7,785	485	465	8,736	(583)	8,153
Assets	58,291	4,467	5,398	68,157	16,604	84,761

Notes:

1. Categorization of countries and area is based on geographical adjacency.

2. Main countries or areas other than Japan:

(1) North America: United States

(2) Europe: The Netherlands, Germany, United Kingdom, and Spain

3. Indistributable operating expenditure (¥423 million as of March 31, 2009, and ¥407 million as of March 31, 2008,) included in "Corporate or Eliminations" are mainly concerned with administrative sectors such as personnel and general affairs of the head offices of data-offering units.

4. Overall corporate assets (¥17,099 million as of March 31, 2009, and ¥20,911 million as of March 31, 2008) included in "Corporate or Eliminations" are mainly concerned with surplus funds for investment, long-term investment funds, and administrative sectors.

## 2. Overseas Sales Information

(Millions of yen)

	Fiscal Year ended March 31, 2009			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	5,184	5,513	5,401	16,099
(2) Consolidated sales				41,281
(3) Ratio of overseas sales to consolidated sales	12.6%	13.3%	13.1%	39.0%

(Millions of yen)

	Fiscal Year ended March 31, 2008			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	6,111	5,819	6,630	18,561
(2) Consolidated sales				52,101
(3) Ratio of overseas sales to consolidated sales	11.7%	11.2%	12.7%	35.6%

Notes:

- Categorization of countries and areas is based on geographical adjacency.
- Major countries or areas that belong to a category:
  - Americas: United States, Canada, and Latin America
  - Europe: The Netherlands, Germany, United Kingdom, and Spain
  - Asia and Other areas: Singapore, China, Taiwan, and Middle and near east
- Overseas sales indicate the amount of sales made by the Group in foreign countries and areas except Japan.

### (Per Share Information)

	Yen	
	March 31, 2009	March 31, 2008
Net assets per share	758.70	803.14
Net income per share	6.06	48.37
Diluted net income per share	5.80	43.66

Note: Basis for calculations of net income per share and diluted net income per share is as follows.

	Millions of yen	
	March 31, 2009	March 31, 2008
Net income in the consolidated statements of income	445	3,566
Value not attributed to common stock	-	-
Net income pertaining to common stock	455	3,566
Average number of shares outstanding during period	73,462,668shares	73,723,046shares
Net income adjustment value for calculations of diluted net income per share	-	-
Increase in number of shares outstanding for calculations of diluted net income per share		
First series unsecured convertible bonds	3,320,202shares	7,968,487shares
Residual shares not included in the calculation of diluted net income per share because they have no dilutive effect	-	-

**(Important Subsequent Events)**

<b>March 31, 2008</b>	<b>March 31, 2007</b>
<b>There are no applicable articles.</b>	<b>Principal Capital Investment</b> <ol style="list-style-type: none"><li><b>Purpose</b><p>To plan the forward-looking expansion of its business scale, the Company signed a corporate site agreement on April 23, 2008 in order to acquire a site on which to build a new plant.</p></li><li><b>Details of Capital Investment</b><ol style="list-style-type: none"><li>Acquired site: Toki Aqua Silva Industrial Park, Toki City, Gifu Prefecture</li><li>Site area: Approx. 63,000m<sup>2</sup></li><li>Acquisition price: Approx. ¥1.7 billion</li><li>Financing: Company funds</li></ol></li><li><b>Impact of aforementioned investment on sales and production</b><p>The aforementioned investment will have a bearing on performance after the next fiscal period.</p></li></ol>

**(Omission of Disclosure)**

Explanatory notes on “Lease Transactions”, “Transactions with Related Parties”, “Deferred Tax Assets”, “Securities”, “Derivative Transactions”, “Retirement Benefits”, “Stock Option” were omitted, as their inclusion in a consolidated financial report was deemed unnecessary.