Summary of Consolidated Financial and Business Results for the Fiscal Year 2008 (to March 31, 2009)

May 7, 2009

English translation from the original Japanese-language document

Company name		Mori Seiki Co., Ltd.		Stock exchanges	Tokyo and Osaka
Listing Code number		6141		ＵＲＬ	http://www.moriseiki.co.jp
Representative	(Title)	President	(Name) Masahiko Mori		
Contact person	(Title)	Senior Managing Director Accounting / Finance HQ Executive Officer	(Name) Tatsuo Kondo	ＴＥＬ	(052) 587-1811

Expected date of the ordinary general shareholders' meeting	June 17, 2009	Expected payment date of cash dividends	June 18, 2009
Expected date of filing the financial statements	June 17, 2009		

(Note: All amounts less than one million are disregarded.)

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

(1) Consolidated business results (% of change from the previous fuiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year 2008	157,203	-22.3	5,922	-81.1	3,197	-88.8	-2,153	—
Fiscal Year 2007	202,260	17.4	31,302	25.0	28,665	16.0	15,975	-1.4

	Net income per share	Diluted net income per share	Return on Equity	Ordinary income on total assets	Operating income on net sales
	yen	yen	%	%	%
Fiscal Year 2008	-23 59	— —	-1.7	2.0	3.8
Fiscal Year 2007	165 91	161 99	12.3	16.7	15.5

(Reference) Equity-method earnings Fiscal Year 2008 -110 million yen Fiscal Year 2007 60 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Fiscal Year 2008	149,216	118,929	78.3	1,319 04
Fiscal Year 2007	174,270	131,761	74.7	1,388 52

(Reference) Total Shareholders' equity Fiscal Year 2008 116,800 million yen Fiscal Year 2007 130,214 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at the end of the fiscal year
	million yen	million yen	million yen	million yen
Fiscal Year 2008	8,564	-11,424	-507	14,255
Fiscal Year 2007	14,155	-13,454	-13,131	17,916

2．Cash dividends

(Record date)	Dividend per share						Total amount of dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	Interim		Year-end		Annual				
	yen		yen		yen		yen	%	%
Fiscal Year 2007	25	00	25	00	50	00	4,781	30.1	3.6
Fiscal Year 2008	20	00	20	00	40	00	3,600	—	3.0
Fiscal Year 2009 (Estimated)	10	00	10	00	20	00	—	—	—

3．Consolidated earnings forecast for Fiscal Year 2009 (April 1, 2009 to March 31, 2010)

(% of change from Fiscal Year 2008 interim or full year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen	
Interim (for six-month period ending September 30, 2009)	35,000	-62.6	-12,000	—	-12,000	—	-12,000	—	-131	46
Full Year 2009	80,000	—	-20,000	—	-20,000	—	-20,000	—	-219	11

4．Other

(1) Change of significant subsidiaries during the fiscal year (increase/decrease in the scope of consolidation) No

(2) Change of important accounting policies, procedures, and ways of display (description as the change of basis for preparing consolidated financial statements)

① Changes along the revision of accounting standard, etc Yes

② Changes mentioned other than mentioned in ① No

Note: Please refer to "Notes related to the preparation of the consolidated financial statements" on page No. 31 for further details.

(3) Number of shares outstanding (Common Stocks)

① Number of shares outstanding at the end of the fiscal year (Including treasury stocks)	Fiscal year 2008	96,475,312shares	Fiscal year 2007	96,475,312shares
② Treasury stocks at the end the fiscal year	Fiscal year 2008	7,925,975shares	Fiscal year 2007	2,695,892shares

Note: Please refer to "Per share information" on page No. 75 regarding number of shares which is used to calculate net income per share.

(Reference) Unconsolidated Financial results

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

(1) Unconsolidated business results (% of change from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year 2008	135,784	-22.6	5,234	-81.9	2,870	-89.2	-3,356	—
Fiscal Year 2007	175,486	21.2	28,977	34.1	26,469	25.0	14,312	0.8

	Net income per share	Diluted net income per share
	yen	yen
Fiscal Year 2008	-36 76	— —
Fiscal Year 2007	148 62	145 11

(2) Unconsolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Fiscal Year 2008	133,706	110,290	81.9	1,235 98
Fiscal Year 2007	155,578	121,361	77.8	1,289 90

(Reference) Total Shareholders' equity Fiscal Year 2008 109,469 million yen Fiscal Year 2007 120,991 million yen

※Proper use of the earnings forecasts and other notes

The above forecast is based on information available as of the release of this report and assumptions of several uncertain factors which may affect the company's results. Actual results might be different from the above estimates due to subsequent changes in the circumstances. Please refer to "1. Analysis of Management performance (2) Prospects for the fiscal year of 2009" on page No. 6 for further information of the forecast and assumptions.

１． Analysis of management performance

(1) Business results for FY 2008

For the current fiscal year (FY 2008), orders in the machine tool industry remained high in the first half of the year mainly due to favorable business results and active capital investment in various countries, despite concern that soaring oil and raw material prices would affect business earnings. In the second half of the year, however, the financial crisis originating in the United States had a serious impact on the real economy, causing a credit crunch, decline in consumption and investment, increase in unemployment and stagnation of trade throughout the world. In Japan, many companies have difficulty in managing cash-flows due to the credit crunch; the sharp appreciation of the yen greatly affected the profits of export-oriented companies; and new car sales declined significantly. In addition, as demand for capital investments, both in Japan and overseas, has dropped sharply since last October, the industry as a whole has faced a rapid decline in orders.

Under these business circumstances, the Mori Seiki Group established subsidiaries in Canada (Ontario) and Malaysia (Kuala Lumpur), where demand for machine tools has been growing, and opened Technical Centers in Germany (Chemnitz) and Austria (Vienna) for the purpose of further increasing its global market share.

For products, we have developed the NT6600 DCG high-precision, high-efficiency integrated mill turn center for long/large-diameter work pieces and the MV-1003L vertical machining center in order to respond to the increasing demand for large and highly productive machine tools from the energy/natural resources, wind power generation, aircraft and railroad sectors. In addition, we completely redesigned our medium and large horizontal machining centers, the NH6300 DCG II and NH8000 DCG II.

As for production, we have been implementing centralized management of production, sales and inventory, as well as planned reduction in production. Moreover, we carried out further cost reduction measures in order to strengthen our financial structure. In preparation for the market recovery, we continue to strengthen our management system through our effort under the second mid-term management plan, PQR555, including human resource development and product quality improvement. The machine tool markets are beginning to show signs of recovery. Economic measures taken by each nation are expected to help improve the investment environment for businesses. We, therefore, are establishing a system that allows us to swiftly deal with order increase when the economy recovers.

Against this background, we recorded consolidated sales of 157,203 million yen decreased by 22.3% from the previous fiscal year, consolidated operating income of 5,922 million yen decreased by 81.1% from the previous fiscal year, and consolidated ordinary income of 3,197 million yen, decreased by 88.8% from the previous fiscal year which was mainly due to foreign exchange losses resulting from the appreciation of the yen. Also, our consolidated net loss was 2,153 million yen (net income was 15,975 million yen in the previous fiscal year) as a result of recording loss by evaluating investments in securities and loss on sales and disposal of fixed assets in Europe as extraordinary losses.

In FY 2008, Mori Seiki and GILDEMEISTER AG (Germany) agreed on business and capital alliance, with the aim of playing a leading role in the global machine tool industry. Mori Seiki has a sound sales result in Japan and the U.S.A., and is specially known for its multi-axis machines, machining centers and lathes. Based on its policy for vertical integration, Mori Seiki produces main parts for machine tools in-house, such as spindle motors and ball screws. On the other hand, GILDEMEISTER AG is particularly strong in European countries, and stands out with its 5-axis machining centers, large machining centers and low-cost machines. Mori Seiki and GILDEMEISTER AG are not only complementary to each other in terms of regions but also products. We will seek to expand our business operations by combining both companies' technical advantages as well as strong sales networks. For further details, please see "3. Management Policy, (3) Company's medium to long-term management strategies" on page 14.

We, the Mori Seiki Group, actively implement global business activities and strengthen R&D capabilities to achieve medium to long-term business growth.

Business results and trends by geographical segment are as follows.

In Japan demand for aircraft and construction machinery industries had been strong in the first half. However, orders for automobile and construction machinery industries had been decreased since last October. Sales were 184,478 million yen decreased by 22.9% compared with 142,236 million yen in the previous fiscal year. Operating income was 6,090 million yen decreased by 79.9% compared with 30,266 million yen in the previous fiscal year.

In the Americas, demand for aircraft, energy, medical equipments, and construction machinery industries had been in a good condition in the first half. Yet, capital investment had been declined since last October because of economical recession, and orders also had been decreased since then. Although sales were 30,971 million yen decreased by 18.4% compared with 37,966 million yen in the previous fiscal year, operating income was 1,105 million yen increased by 133.0% compared with 474 million yen in the previous fiscal year.

In Europe, demand for mainly aircraft industry had been in brisk in the first half. However, capital investment had been dull since last October due to rapid down of factory operating in automobile industry in Germany, France, Spain, and central Europe. Also, demand for agricultural machinery, construction machinery, oil hydraulic industries had been in a slowdown. Sales were 47,087 million yen decreased by 21.1% compared with 59,651 million yen in the previous fiscal year. Operating income was 54 million yen increased by 97.7% compared with 2,398 million yen in the previous fiscal year.

In Asia and Oceania, demand for natural resource, automobile, construction machinery industries had been decreased due to the appreciation of the yen. Capital investment had been slashed in the southern part of China where there are many export-oriented companies. Sales were 5,027 million yen decreased by 11.8% compared with 5,701 million yen in the previous fiscal year. Operating loss was 704 million yen (7 million yen of operating income in the previous fiscal year).

Consolidated

(Million yen)

	60th term FY2007	61st term FY2008	Change
Sales	202,260	157,203	-45,057
Operating income	31,302	5,922	-25,380
Ordinary income	28,665	3,197	-25,467
Net income/ loss	15,975	-2,153	-18,128

Unconsolidated

(Million yen)

	60th term FY2007	61st term FY2008	Change
Sales	175,486	135,784	-39,702
Operating income	28,977	5,234	-23,743
Ordinary income	26,469	2,870	-23,598
Net income/ loss	14,312	-3,356	-17,669

(2)Prospects for FY 2009

For the future order environment in Japan, we expect that demand for machine tools is going to be increased in the energy, railroad, and construction machinery industries in emerging markets. However, demand as a whole is expected to be in a slowdown. The Mori Seiki Group will implement various measures in order to improve its financial health. At the same time, the Group will continue to develop new machines, promote human resource development, and strive to improve product quality for the time when economy recovers.

The forecast for the business results (consolidated) for FY 2009 is as follows:

(Million yen)

	Interim of FY 2009	Full year (consolidated)
Sales	35,000	80,000
Operating loss	12,000	20,000
Ordinary loss	12,000	20,000
Net loss	12,000	20,000

* The average yen-U.S. dollar market rate is set at 95 yen = U.S. $1.00

**The average yen-Euro market rate is set at 125 yen = € 1.00

Note concerning statements about the future, etc.

This material contains earnings estimates, plans, policies, business strategies, targets, forecasts, and perceptions and judgments about matters of fact concerning the future of Mori Seiki and the Mori Seiki Group. Its predictions, expectations, assumptions, plans, perceptions and judgments are based on information available to Mori Seiki at the time of writing. For this reason, there is a possibility that actual results may differ from these forecasts.

(3) Progress report on medium-term management plan

The Mori Seiki Group is promoting the PQR555 medium-term management plan for the three-year period from FY 2008 to FY 2010. The basic policy of this plan is "to maintain stable growth in mature markets, maintain a growth path by expanding its market share in emerging markets, and establish global management quality by pursuing high levels of human resources, quality, and risk management. Through these efforts, we aim to become Global One."

With regard to the term "PQR555," "P" stands for "People," "Q" for "Quality" and "R" for "Risk Management," and "555" represents our target numbers. Based on our vision of “By providing "first class products" and "first class services" from our "first class personnel" to "first class customers,” we will achieve to become Global One," we are making strenuous efforts to attain the following three business targets:

(1) Sustain Growth

We aim to achieve 15% of share in the total amounts of machine tool orders reported by the Japan Machine Tool Builders' Association.

While maintaining stable growth in mature markets in Japan, Europe and the Americas, we strive to attain an annual growth rate of 25% in rapidly growing emerging markets such as BRICs. We are also committed to increasing our market share in strategic industries such as the automobile, aircraft, energy and precision machinery industries.

To this end, we are developing new models mainly for large machines and bringing these models to the market. In recent years, demand for machine tools has been growing in the aircraft, oil and natural gas, construction machinery, shipbuilding, and printing machine industries around the world. Taking this trend into consideration, we develop and improve large machines in order to improve machining accuracy of long/large-diameter work pieces and shorten delivery times, and also to meet the strong demand for large multi-axis machines that allow process integration.

In addition, we will continue to expand our business to regions with strong demand for machine tools, and conduct active and effective sales activities based on our thorough analysis of the company size, industry and needs of customers.

(2) Strengthen Profit Structure

To further strengthen the profit structure, we reduce cost of sales and selling, general and administrative expenses, aiming to achieve a consolidated cost of sales ratio of 55%, and a selling, general and administrative expenses ratio not to exceed 25%.

To achieve these goals, we strive to reduce cost at the design stage while improving production and logistical efficiency. For each expense, we try to achieve the numerical targets indicated above by setting a specific target and controlling budget and actual cost.

(3) Establish Global Management Quality

We are in the process of building a system to achieve our goals set forth in the PQR555 by hiring talented people and training employees so that they can work globally.

With respect to quality, we set a specific accuracy target for all models in order to pursue high-accuracy and high-efficiency machining. Furthermore, we aim to increase customer satisfaction by improving product quality.

With respect to risk management, we strictly abide by compliance rules, promote health and safety practices, strengthen our security trade control system, and thoroughly implement internal control for the management system and financial reporting. Through these efforts, we will establish global management quality.

(4)Analysis of consolidated financial status

A. Assets, liabilities and net assets

・Assets

Current assets decreased by 22.8% compared to the previous fiscal Year to 78,773 million yen. That was mainly because notes and accounts receivable decreased by 21,793 million yen.

Fixed assets decreased by 2.6% compared to the previous fiscal Year to 70,442 million yen.

As a result, total assets decreased by 14.4% compared to the previous fiscal Year to 149,216 million yen.

・Liabilities

Current liabilities decreased by 34.5% compared to the previous fiscal Year to 24,342 million yen. Although short-term bank loans increased by 9,602 million yen, accounts payable, accrued payments, and accrued income taxes respectively decreased by 8,143, 2,754, and 10,189 million yen.

Fixed liabilities increased by 11.0% compared to the previous fiscal Year to 5,945 million yen. That was mainly due to increase of 295 million yen in deferred income taxes.

As a result, total liabilities decreased by 28.8% compared to the previous fiscal Year to 30,287 million yen.

・Net assets

Total net assets decreased by 9.7% compared to the previous fiscal Year to 118,929 million yen. Major reasons for the decrease were net loss of 2,153 million yen and purchases of treasury stock of 5,820 million yen and a decrease of translation adjustments of 2,880 million yen.

B. Cash flows during Fiscal Year 2008

(million yen)

	60th term Fiscal Year 2007	61st term Fiscal Year 2008	Change
Cash flows from operating activities	14,155	8,564	-5,591
Cash flows from investing activities	-13,454	-11,424	2,030
Cash flows from financing activities	-13,131	-507	12,624
Cash and cash equivalents at the end of the fiscal year	17,916	14,255	-3,661

Cash and cash equivalents at the end of FY 2008 were 14,255 million yen, a decrease of 3,661 million yen from the previous fiscal Year. Factors which affected the cash flow for FY 2008 are shown below.

・Cash flows from operating activities

Net cash provided by operating activities were 8,564 million yen (14,155 million yen in the previous fiscal year) due to the following items: 1,281 million yen in net income before income taxes and minority interests, a decrease of 19,992 million yen in accounts receivable, a decrease of 15,023 million yen in income taxes paid.

・ Cash flows from investing activities

Net cash used in investing activities were 11,424 million yen (13,454 million yen in the previous fiscal year) due to 8,103 million yen for the purchases of tangible fixed assets, 2,414 million yen for purchases of intangible fixed assets, 373 million yen for investments in subsidiaries and affiliates, 310 million yen for investments in securities.

・ Cash flows from financing activities

Net cash used in financing activities were 507 million yen (13,131 million yen in the previous fiscal year) due to 9,602 million yen for increased short-term bank loans, 4,163 million yen for cash dividends, and 5,932 million yen for purchases of treasury stock.

C. Trends in cash flow related indexes

	58th term Fiscal Year 2005	59th term Fiscal Year 2006	60th term Fiscal Year 2007	61st term Fiscal Year 2008
Shareholders' equity ratio (%)	71.5	77.2	74.7	78.3
Shareholders' equity ratio at fair value (%)	140.0	159.4	96.3	52.9
Cash flow to interest bearing loans ratio (%)	67.3	6.4	4.9	121.4
Interest coverage ratio (times)	155.7	464.6	407.7	65.9

(Notes)

Shareholders’ equity ratio: Shareholders’ equity / total assets

Shareholders equity ratio at fair value: market value of listed shares / total assets

Cash flows to interest-bearing loans ratio: Interest-bearing liabilities / operating cash flows

Interest coverage ratio: Operating cash flows / interest payments

※ These indexes are calculated based on consolidated financial figures.

※ Market value of listed shares is calculated based on the closing share price at end of term x outstanding shares (excluding treasury stock) at end of the term

※ For cash flows, “Cash flows from operating activities” from the consolidated cash flow statements are used.

Interest-bearing liabilities include all liabilities on the balance sheets that incur interest. For the interest payments, the “Interest paid” on the consolidated cash flow statement is used.

(5) Basic policy concerning profit appropriation and dividend payment for FY 2008/2009

The Mori Seiki Group strives to enhance corporate value for our shareholders, who understand that machine tools are both capital assets and products which support manufacturing throughout the world. For our principle for profit appropriation, we will continue to invest in the development of pivotal new products and technologies as well as consolidating our production equipment in order to reinforce our competitive strength in the market, based on an overall judgment concerning our future business plan, business results, financial conditions, and so on.

For FY 2008, we issued an interim dividend and year-end dividend per share of 20 yen each, for a full-year total of 40 yen. As for FY 2009, the interim dividend is scheduled to be 10 yen per share and the year-end dividend 10 yen, for a full-year total of 20 yen.

(6) Business risks

The following items may have a significant influence on the investment decisions of investors. Please note that all statements contained in this document that refer to the future are based on judgments made by the Mori Seiki Group at the end of FY 2008.

① Economic conditions in key markets (Japan, the Americas, Europe, Asia/Oceania)

The consolidated sales percentage distribution by region for FY 2008 was 35.1% in Japan, 22.1% in the Americas, 29.5% in Europe and 13.3% in the Asia and Oceania area. If demand for the products and services which the Mori Seiki Group sells and supplies declines in any of these regions due to deteriorating business trends, this may have a negative effect on the Group's business results.

② Sudden fluctuations in demand for investment in plant and equipment

It has been said that the machine tool industry is susceptible to economic fluctuations. Today, the economies of emerging countries in Asia and Central Europe as well as BRICs are expanding, and the machine tool markets in all regions (Japan, the Americas, Europe and Asia/Oceania) have been making steady progress in the medium and long terms. However, if for some reason, like the current global financial crisis, demand for investment in plant and equipment declined in all these regions simultaneously, this could have a negative effect on the Group's results.

③ Significant changes in the exchange rate against the yen of the U.S. dollar, the Euro, etc.

The Mori Seiki Group's operations, business results and financial condition are influenced by fluctuations in exchange rates. It is possible that these fluctuations may affect the value of the Group's assets and liabilities when they are converted from foreign currencies into Japanese yen. Fluctuations in exchange rates could also affect sales and the cost of products and services which are bought or sold in foreign currencies. In order to mitigate this influence, we are working to take a balance between yen-denominated transactions in Japan and Asia, $US-denominated transactions in the Americas and Euro-denominated transactions in Europe. However, there is still a possibility that fluctuations in exchange rates could have a negative effect on the Group's operations, business results and financial condition.

④ Significant changes in the cost of natural resources or raw materials

If we should be hit by a sudden, unexpected increase, this could have a negative effect on the Group's results.

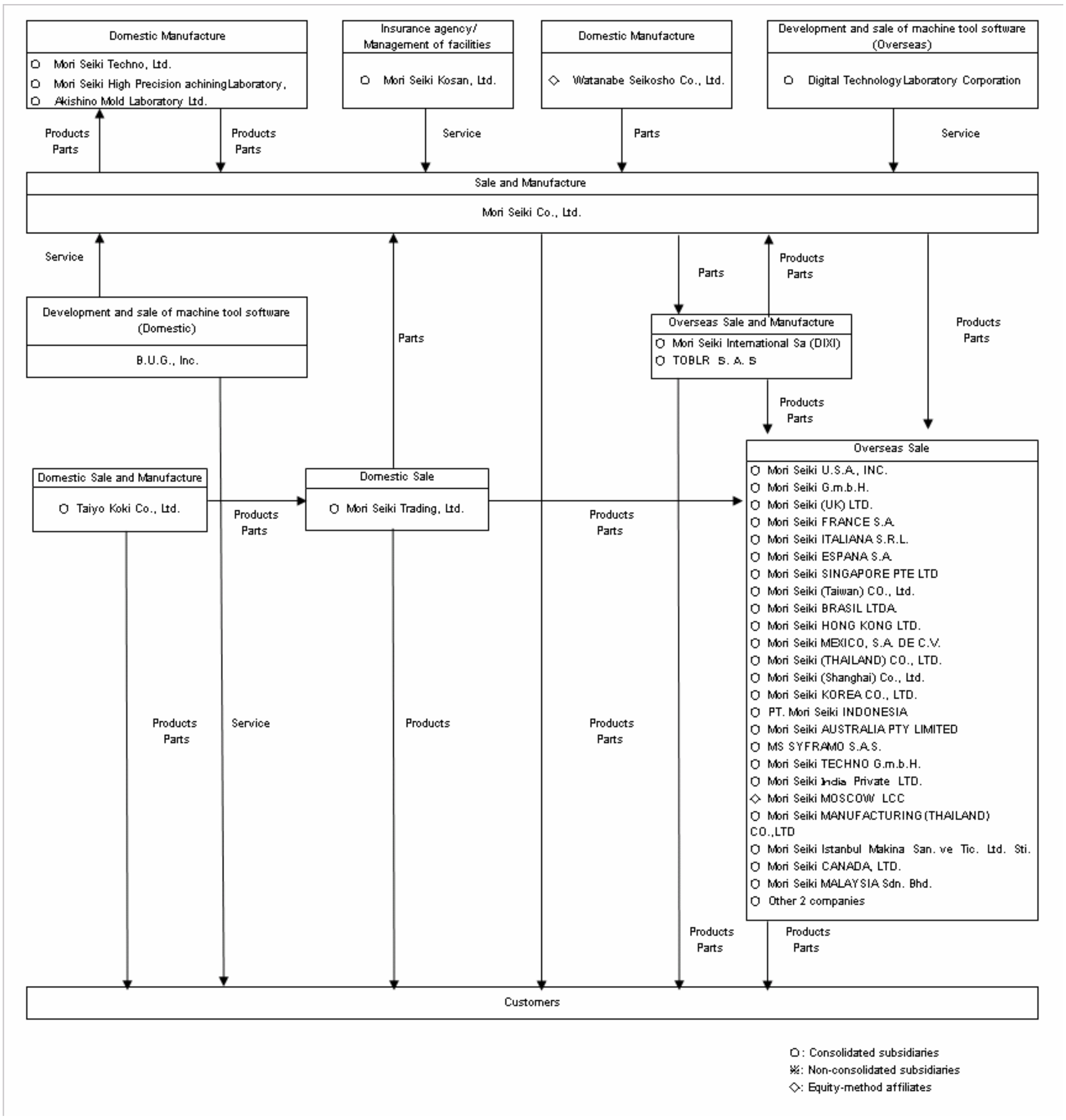
⑤ Risks concerning export controls

Major changes in the laws and regulations of the many countries and regions where the Mori Seiki Group operates could affect the Group's operations, business results and financial condition. The machine tools which constitute the Mori Seiki Group's core business are classified as regulated items, and are subject to restrictions under the framework of international export controls. If the regulations relating to regulated items are tightened as a result of changes in the international situation, this could have a negative effect on the Group's operations, business results and financial condition.

2．Outline of the Mori Seiki group

The group consists of Mori Seiki Co., Ltd, 37 consolidated subsidiaries, and 3 affiliated companies. The group's principal activities are the manufacture and sale of machine tools (machining centers, CNC lathes, and other finished products), and insurance agency.

The structure of the group is shown in the diagram.



The business activities of the group's consolidated subsidiaries, non-consolidated subsidiaries, and affiliated companies is shown below.

Consolidated subsidiaries

Sale of machine tools (machining centers, CNC lathes, and other finished products)

Mori Seiki U.S.A., INC., Mori Seiki G.m.b.H., Mori Seiki (UK) LTD., Mori Seiki FRANCE S.A.S., Mori Seiki ITALIANA S.R.L., Mori Seiki ESPANA S.A., Mori Seiki SINGAPORE PTE LTD., Mori Seiki (TAIWAN) CO., LTD., Mori Seiki BRASIL LTDA., Mori Seiki HONG KONG LTD., Mori Seiki MEXICO, S.A. DE C.V., Mori Seiki (THAILAND) CO., LTD., Mori Seiki (SHANGHAI) CO., LTD., Mori Seiki KOREA CO., LTD., PT. Mori Seiki INDONESIA, Mori Seiki AUSTRALIA PTY LTD, FRANCE SUD-EST S.A.S., Mori Seiki INDIA PRIVATE LTD., Mori Seiki ISTANBUL MAKINA SAN. VE TIC.LTD. STI., Mori Seiki MANUFACTURING(THAILAND)CO., LTD., Mori Seiki CANADA, LTD., Mori Seiki MALAYSIA Sdn. Bhd., Mori Seiki TECHNO G.m.b.H., Mori Seiki TRADING, LTD., other 2 companies

Development and sale of machine tool software

Digital Technology Laboratory Corporation

Manufacture and sale of grinders and other finished products

Taiyo Koki Co., Ltd.

Overhaul of used machine tools

Mori Seiki Techno, Ltd.

Manufacture and sale of auto parts, metal mold components, and machine tools components

Mori Seiki High Precision Machining Laboratory, Ltd.

Sales of machining centers, Jig borer, and other finished products

Mori Seiki International SA (DIXI)

Design, manufacture and sale of Mold Laboratory

Akishino Mold Laboratory, Ltd.

Manufacture and sale of machine tool peripherals

TOBLER S.A.S.

Insurance agency / Management of facilities

Mori Seiki Kosan, Ltd.

Non-consolidated subsidiaries

Developing and sale of software

B.U.G., Inc.

Other non-consolidated subsidiaries ３ companies

Equity-method affiliates

Manufacture and sale of cast products, processed machine tools, and other finished products

Watanabe Seikosyo Co., Ltd.

Sale of machine tools (machining centers, CNC lathes, and other finished products)

Mori Seiki MOSCOW LLC

Non-equity method affiliates

Import of machineries sale for synthetic resin, fiber production

ITOCHU Systech Corporation

３． Management policy

(1)Basic management policy

As a machine tool maker, our Group has made "supply of innovative, accurate and trouble-free machines at competitive prices" the mainstay of its management policy, and looks forward to "Global One" status in the fields of CNC lathes, machining centers, multi-axis machines and grinding machines.

(2)Management targets

In order to build a robust corporate structure, to be able to respond quickly to shifts in market trends and the business environment within the machine tool industry, and to achieve the Global One position within that industry, we believe that the most important issue for the Mori Seiki Group is increasing our profitability. The Mori Seiki Group will continue our untiring efforts, aiming for a ratio of consolidated sales in relation to consolidated operating profit of more than 10%, in order to increase our corporate value and the profits of our shareholders.

(3)Company's medium to long-term management strategies

A. Business and capital collaboration with B. U. G., Inc. (Japan)

On October 27, 2008, Mori Seiki Co., Ltd. (hereafter referred to as "Mori Seiki") and B. U. G., Inc. (hereafter "BUG") reached an agreement on the business and capital collaboration.

(Reason of business and capital collaboration)

BUG is a system developer headquartered in Sapporo, and handles all kinds of platform development ranging from hardware to software with specialized knowledge in development languages. BUG has been highly evaluated for its comprehensive technological strength, and has been doing business with many leading companies in Japan. As the importance of software and control technologies of machine tools is growing, BUG's system development technologies, know-hows and solutions will be more advantageous to improve the quality in software and control technology development and to create additional values for machine tools. Based on this belief, Mori Seiki has decided to establish the business and capital collaboration with BUG.

(Contents of the business collaboration)

This business collaboration focuses on development of software and control technologies.

(Contents of the capital collaboration)

In order to strengthen the relationship between the two companies, Mori Seiki acquired shares through a third-party allotment and share transfer from existing shareholders. As of the end of this fiscal year, Mori Seiki has 711,000 shares which account for 49.9 % of BUG shares.

B. Business and capital collaboration with GILDEMEISTER AG (Germany)

On March 23, 2009, Mori Seiki Co., Ltd. (hereafter referred to as "Mori Seiki") and GILDEMEISTER AG (hereafter "GILDEMEISTER") reached an agreement on the business and capital collaboration.

(Reason of business and capital collaboration)

With the aim of expanding and strengthen its business activities on a global basis, Mori Seiki has conducted careful consideration and discussions with GILDEMEISTER on a joint business development. Mori Seiki is one of top companies in Japanese machine tool industry, and GILDEMEISTER is the number one company in European machine tool industry. The objective of this collaboration is that two companies, which have boasted a largest market shares in major consuming and producing areas such as Asia and Europe, will work together toward a common goal of establishing a competitive presence in the industry. Mori Seiki is a company which has had favorable sales results in the Japanese and U.S. markets, has developed a wide range of products, and has established a reputation for its multi-axis machines, machining centers and lathes. Also, Mori Seiki has conducted in-house production of spindles, motors, and ball screws which are all major components of machine tools, and has focused on the vertically-integrated production method. On the other hand, GILDEMEISTER is a company which has a large market share in Europe and has the advantage of direct sales system. GILDEMEISTER also has a wide range of products, and has strengths in the fields of 5-axis machining centers, large machining centers and low-cost machines.

Considering these factors, the two companies have seen a possibility that this collaboration will bring complementary benefits to both sides in terms of market and product development. It will also be possible to establish a competitive business model on a global basis by integrating technical strengths, strong sales networks and solid financial strengths of the two companies. Based on this belief, the two companies have decided to establish the business and capital collaboration in order to increase shareholder values. From now on, the two companies will collaborate with one another to establish a leading presence in the global machine tool market.

(Contents of the business collaboration)

The expected collaboration areas are 1. production, 2, purchasing, 3. development, 4. sales and service, and the details will be decided through further discussions. As one of measures to realize synergy effects, the two companies have reached agreement on mutual dispatch of management executives. Based on the assumption that the necessary procedures required by the German law are completed by the end of this year, the President of Mori Seiki, Masahiko Mori, will join the supervisory board of GILDEMEISTER, and GILDEMEISTER CEO, Rüdiger Kapitza, will take up the post of Senior Operating Director of Mori Seiki. The two companies will jointly set up the steering committee so that management representatives of both companies can smoothly manage the progress of the business collaboration and realize the synergy effects.

(Contents of the capital collaboration)

Recognizing the importance of maintaining the stable and reliable relationship, on the same day, the two companies signed on the share subscription agreement (SSA) together with the memorandum of understanding (MOU). Under this agreement, on April 7, 2009, Mori Seiki acquired 2,279,500 ordinary shares that GILDEMEISTER newly issued through the third-party allotment. Mori Seiki is the biggest shareholder of GILDEMEISTER on that day. Meanwhile, GILDEMEISTER has purchased Mori Seiki's ordinary 2,000,000 shares, voting right percentage of 2.26, till the end of FY2008; it has become the sixth biggest shareholdre of Mori Seiki.

(4)Challenges facing the company

We will strengthen our corporate structure with our second mid-term management plan, PQR555, for the three-year period from FY 2008 to FY 2010, so that we will be able to achieve our business targets without being affected by changes in business environment or fluctuations of exchange rates.

①Product development

In recent years, the demands for machine tools have been growing on a global basis, particularly in the energy/natural resource, wind power generation, aircraft and railroad, and medical sectors. In order to comply with the demands, we have developed and launched large machine tools that contribute to increase machining accuracy and to shorten the delivery times for long/large work pieces, and small machine tools that offer high-accuracy and high efficiency machining for complex-shaped work pieces.

②Quality

Our goal is to increase customer satisfaction in all aspects of quality related to products and customers, from development and manufacturing to sales and service. We have also been working on research and development to double positioning or motion accuracy as well as reinforcement of design review and product inspection. In order to increase the operating ratio of our 160 thousand machines installed in 67 countries across the world, we have offered customer service 24 hours a day, 365 days a year, and have had a maintenance service system to achieve a 97% 24-hour shipping ratio for service parts. Moreover, we have extended the product warranty period from one year to two years from April, 2007. The Mori Seiki Group has placed priority on implementing measures for quality improvement.

③Security Trade Management

In recent years, international concern about measures to prevent the proliferation of weapons of mass destruction and the excess stockpiling of conventional weapons has been growing. The Mori Seiki Group has stipulated internal regulations (Compliance Program) to ensure compliance with export control laws, and applies them strictly. We have been well ahead of other manufacturers in terms of prevention of illegal export, and have installed the function which detects if the machine is relocated from the installed place, and disables unauthorized startup. For the machines which are not equipped with this function, but have been shipped to the Non-White Countries, we have been promoting the activities to install this function. We have been working on security trade management as our top-priority issue.

④Compliance

Mori Seiki has placed importance on increasing compliance awareness and recognition of all management executives and employees. Our management executives have taken the lead in giving explanations to employees about the importance of compliance. We have established compliance guideline, have set up a hotline system, and have implemented educational seminars for executives and employees using compliance manuals. In addition, we have had a system in which the Internal Audit Department takes a major role in monitoring the compliance status.

4． Consolidated financial statements

（1） Consolidated balance sheet

（Amount：million yen）

	The previous consolidated fiscal year (March 31, 2008)	The current consolidated fiscal year (March 31, 2009)
(Assets)		
Current Assets		
Cash and deposits	17,984	14,452
Notes and accounts receivable	38,427	16,633
Inventories	38,744	—
Goods and products	—	14,652
Work in process	—	5,808
Raw material and supplies	—	17,454
Deferred income taxes	3,280	1,714
Consumption tax receivable	711	210
Other	2,953	7,985
Allowance for doubtful receivables	-126	-139
Total current assets	101,976	78,773
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	※1 25,448	※1 25,541
Machinery, equipment and vehicles, net	※1 8,152	※1 7,639
Land	※4 15,165	※4 15,940
Construction in progress	1,131	1,862
Other, net	※1 3,911	※1 3,556
Total tangible fixed assets	53,808	54,539
Intangible fixed assets		
Goodwill	1,012	694
Other	3,427	4,628

	The previous consolidated fiscal year (March 31, 2008)	The current consolidated fiscal year (March 31, 2009)
Total Intangible fixed assets	4,439	5,323
Investments and other assets		
Investments in securities	※3 11,541	※3 8,598
Long-term prepaid expenses	401	398
Deferred income taxes	1,115	283
Other	※3 987	※3 1,298
Total investments and other assets	14,045	10,579
Total fixed assets	72,294	70,442
Total assets	174,270	149,216
(Liabilities)		
Current liabilities		
Accounts payable	11,517	3,374
Short-term bank loans	※6 696	※5,6 10,298
Lease obligations	—	15
Accrued payments	6,962	4,207
Accrued expenses	637	1,268
Advances received	1,637	1,554
Accrued income taxes	11,623	1,434
Accrued consumption tax	42	45
Deferred income taxes	79	113
Allowance for product warranties	1,555	1,192
Allowance for bonuses to directors and corporate auditors	163	25
Other	2,237	813
Total current liabilities	37,151	24,342

	The previous consolidated fiscal year (March 31, 2008)	The current consolidated fiscal year (March 31, 2009)
Fixed liabilities		
Convertible bonds with stock acquisition rights	2,583	2,583
Lease obligations	—	82
Deferred income taxes	643	938
Deferred income taxes on land revaluation reserve	※4 1,699	※4 1,699
Allowance for retirement benefits	—	641
Long-term accrued payments	431	—
Total fixed liabilities	5,357	5,945
Total liabilities	42,508	30,287
(Net assets)		
Shareholders' equity		
Capital	32,698	32,698
Capital surplus	45,429	45,429
Retained earnings	56,750	50,184
Treasury stock	-4,768	-10,589
Total shareholders' equity	130,109	117,723
Valuation and translation adjustments		
Net unrealized holding gain on securities	1,570	1,193
Net unrealized gains/loss on derivative instruments	-1,026	1,202
Land revaluation reserve	※4 1,545	※4 1,545
Translation adjustments	-1,984	-4,864
Total valuation and translation adjustments	104	-922
Stock acquisition rights	369	828
Minority interests	1,177	1,300
Total net assets	131,761	118,929
Total liabilities and net assets	174,270	149,216

（２） Consolidated statement of income

（Amount：million yen）

	The previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	The current consolidated fiscal year (April 1, 2008 to March 31, 2009)
Net sales	202,260	157,203
Cost of sales	116,198	98,304
Gross profit	86,062	58,898
Selling, general and administrative expenses	※1,2 54,759	※1,2 52,976
Operating income	31,302	5,922
Non-operating income		
Interest income	189	120
Dividend income	216	198
Equity in earnings of affiliates	60	―
Other	395	378
Total of Non-operating income	860	697
Non-operating expenses		
Interest expense	27	133
Exchange loss	3,088	2,584
Fees and commissions	83	178
Loss on redemption of bonds	13	―
Equity in losses of affiliates	―	110
Other	285	415
Total of Non-operating expenses	3,498	3,422
Ordinary income	28,665	3,197
Extraordinary gain		
Gain on sales of fixed assets	※3 68	※3 31
Reversal of allowance for doubtful receivables	94	―
Gain on change in equity	182	―

	The previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	The current consolidated fiscal year (April 1, 2008 to March 31, 2009)
Total of Extraordinary income	346	31
Extraordinary loss		
Loss on sales of fixed assets	※4 220	※4 4
Loss on disposal of fixed assets	※5 350	※5 599
Loss on impairment of fixed assets	※6 190	※6 128
Loss on revaluation of investments in securities	541	1,211
Loss on valuation of other investments	—	3
Total of Extraordinary loss	1,303	1,947
Income before income taxes and minority interests	27,708	1,281
Income taxes	12,895	1,727
Income taxes for prior year	253	—
Income taxes deferred	-1,591	1,427
Total of Income taxes	11,556	3,155
Minority interests in income	176	279
Net income/ loss	15,975	-2,153

（３）Consolidated Statement of changes in stockholders' equity

(Amount：million yen)

	At the end of the previous consolidated fiscal year (March 31, 2008)	At the end of the current consolidated fiscal year (March 31, 2009)
Shareholders' equity		
Capital		
Balance at the end of the previous fiscal year	32,022	32,698
Changes in the current term		
Issuance of new stocks	676	—
Total changes in the current term	676	—
Balance at the end of the current fiscal year	32,698	32,698
Capital surplus		
Balance at the end of the previous fiscal year	45,328	45,429
Changes in the current term		
Issuance of new stocks	674	—
Sales of treasury stock	-163	—
Retirement of treasury stock	-410	—
Total changes in the current term	100	—
Balance at the end of the current fiscal year	45,429	45,429
Retained earnings		
Balance at the end of the previous fiscal year	53,985	56,750
Effect of changes in accounting policies applied to foreign subsidiaries	—	-68
Changes in the current term		
Dividend	-2,305	-2,344
Interim dividend	-2,436	-1,828
Current net income/loss	15,975	-2,153
Sales of treasury stock	—	-37
Retirement of treasury stock	-8,276	—

	At the end of the Previous consolidated fiscal year (March 31, 2008)	At the end of the current consolidated fiscal year (March 31, 2009)
Decrease resulting from newly consolidated subsidiaries	-143	-133
Decrease resulting from exclusion of a subsidiary from consolidation	-48	—
Total changes in the current term	2,764	-6,497
Balance at the end of the current fiscal year	56,750	50,184
Treasury stock		
Balance at the end of the previous fiscal year	-5,368	-4,768
Changes in the current term		
Purchases of treasury stock	-10,292	-5,932
Sales of treasury stock	2,205	111
Retirement of treasury stock	8,687	—
Total changes in the current term	600	-5,820
Balance at the end of the current fiscal year	-4,768	-10,589
Total amount of shareholders' equity		
Balance at the end of the previous fiscal year	125,968	130,109
Effect of changes in accounting policies applied to foreign subsidiaries		-68
Changes in the current term		
Issuance of new stocks	1,350	—
Dividend	-2,305	-2,344
Interim dividend	-2,436	-1,828
Current net income/loss	15,975	-2,153
Purchases of treasury stock	-10,292	-5,932
Sales of treasury stock	2,042	74
Decrease resulting from newly consolidated subsidiaries	-143	-133

	At the end of the Previous consolidated fiscal year (March 31, 2008)	At the end of the current consolidated fiscal year (March 31, 2009)
Decrease resulting from exclusion of a subsidiary from consolidation	-48	—
Total changes in the current term	4,141	-12,318
Balance at the end of the current fiscal year	130,109	117,723
Valuation and translation adjustments		
Net unrealized holding gain on securities		
Balance at the end of the previous fiscal year	4,559	1,570
Changes in the current term		
Net Changes in the current term other than shareholders' equity	-2,988	-376
Total changes in the current term	-2,988	-376
Balance at the end of the current fiscal year	1,570	1,193
Net unrealized gain/loss on derivative instruments		
Balance at the end of the previous fiscal year	-1,341	-1,026
Changes in the current term		
Net Changes of items other than shareholders' equity	314	2,229
Total changes in the current term	314	2,229
Balance at the end of the current fiscal year	-1,026	1,202
Land revaluation reserve		
Balance at the end of the previous fiscal year	1,545	1,545
Changes in the current term		
Net Changes of items other than shareholders' equity	—	—
Total changes in the current term	—	—
Balance at the end of the current fiscal year	1,545	1,545
Translation adjustments		
Balance at the end of the previous fiscal year	-240	-1,984

	At the end of the Previous consolidated fiscal year (March 31, 2008)	At the end of the current consolidated fiscal year (March 31, 2009)
Changes in the current term		
Net Changes of items other than shareholders' equity	-1,743	-2,880
Total changes in the current term	-1,743	-2,880
Balance at the end of the current fiscal year	-1,984	-4,864
Total adjustment gains and losses		
Balance at the end of the previous fiscal year	4,522	104
Changes in the current term		
Net Changes of items other than shareholders' equity	-4,417	-1,027
Total changes in the current term	-4,417	-1,027
Balance at the end of the current fiscal year	104	-922
Stock acquisition rights		
Balance at the end of the previous fiscal year	—	369
Changes in the current term		
Net Changes of items other than shareholders' equity	369	459
Total changes in the current term	369	459
Balance at the end of the current fiscal year	369	828
Minority interests		
Balance at the end of the previous fiscal year	545	1,177
Changes in the current term		
Net Changes of items other than shareholders' equity	631	123
Total changes in the current term	631	123
Balance at the end of the current fiscal year	1,177	1,300

	At the end of the Previous consolidated fiscal year (March 31, 2008)	At the end of the current consolidated fiscal year (March 31, 2009)
Total shareholders' equity		
Balance at the end of the previous fiscal year	131,036	131,761
Effect of changes in accounting policies applied to foreign subsidiaries	—	-68
Changes in the current term		
Issuance of new stocks	1,350	—
Dividend	-2,305	-2,344
Interim dividend	-2,436	-1,828
Current net income/loss	15,975	-2,153
Purchases of treasury stock	-10,292	-5,932
Sales of treasury stock	2,042	74
Retirement of treasury stock	—	—
Decrease resulting from newly consolidated subsidiaries	-143	-133
Decrease resulting from exclusion of a subsidiary from consolidation	-48	—
Net changes of items other than shareholders' equity	-3,416	-445
Total changes in the current term	724	-12,763
Balance at the end of the current fiscal year	131,761	118,929

（4）Consolidated statement of cash flows

(Amount：million yen)

	At the end of the previous consolidated fiscal year (March 31, 2008)	At the end of the current consolidated fiscal year (March 31, 2009)
Operating activities		
Income before income taxes and minority interests	27,708	1,281
Depreciation and amortization	6,330	6,900
Loss on sales of fixed assets	220	4
Loss on disposal of fixed assets	350	599
Loss on impairment of fixed assets	190	128
Gain on sales of fixed assets	-68	-31
Loss on valuation of investments in securities	541	1,211
Loss on valuation of other investments	—	3
Gain on change in equity	-182	—
Amortization of goodwill	798	389
Stock-based compensation	369	459
Equity in earnings/losses of afilliates	-60	110
Increase in allowance for bonuses to directors and corporate auditors	163	25
Loss on redemption of bonds	13	—
Increase (decrease) in allowance for doubtful receivables	-158	9
Increase in allowance for retirement benefits	—	603
Increase (decrease) in allowance for product warranties	722	-360
Interest and dividend income	-405	-318
Interest expense	27	133
Unrealized exchange loss	800	3,192
Decrease (increase) in accounts receivable	-6,719	19,992

	At the end of the previous consolidated fiscal year (March 31, 2008)	At the end of the current consolidated fiscal year (March 31, 2009)
Increase in inventories	-9,981	-1,454
Decrease in accounts payable	-303	-8,120
Decrease (increase) in consumption tax receivable	-101	501
Increase (decrease) in accrued consumption tax	-4	2
Increase (decrease) in other accrued payments	187	-2,710
Bonuses to directors and corporate auditors	-158	-163
Other	-20	993
Sub-total	20,261	23,381
Interest and dividend income received	393	336
Interest paid	-34	-129
Income taxes paid	-6,464	-15,023
Net cash provided in operating activities	14,155	8,564
Investing activities		
Increase in long-term deposit	-68	-136
Increase in investments in securities	-917	-310
Increase in investments in subsidiaries	-1,444	-373
Sales of tangible fixed assets	866	373
Purchases of tangible fixed assets	-9,105	-8,103
Purchases of intangible fixed assets	-2,090	-2,414
Increase in short-term loans receivable	-307	—
Other	-386	-459
Net cash used in investing activities	-13,454	-11,424
Financing activities		
Increase (decrease) in short-term bank loans, net	-804	9,602
Proceeds from sales of treasury stock	2,042	71
Purchases of treasury stock	-10,291	-5,932

	At the end of the previous consolidated fiscal year (March 31, 2008)	At the end of the current consolidated fiscal year (March 31, 2009)
Cash dividends	-4,721	-4,163
Cash paid from minority shareholders	643	—
Cash dividends paid to minority shareholders	—	-21
Other	—	-61
Net cash used in financing activities	-13,131	-507
Effect of exchange rate changes on cash equivalents	-224	-708
Decrease in cash and cash equivalents	-12,653	-4,075
Cash and cash equivalents at beginning of the year	29,959	17,916
Increase in cash and cash equivalents from newly consolidated subsidiaries	613	414
Decrease in cash and cash equivalents resulting from exclusion of a subsidiary from consolidation	-2	—
Cash and cash equivalents at the end of the year	※1 17,916	※1 14,255

Situation or problems with significant doubt for premise of going concern

None.

Notes related to the preparation of the consolidated financial statements

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
1 Scope of consolidation		
(1) Consolidated subsidiaries	25 consolidated subsidiaries Names of principal consolidated subsidiaries are omitted as described in the description of the outline of Mori Seiki group. Mori Seiki INTERNATIONAL is included in the consolidated accounts due to importance. Mori Seiki India Private LTD. and Mori Seiki Istanbul Makina, San Ve Tic. Ltd. Sti. are newly included in consolidation due to foundation. Mori Seiki Jig Laboratory, LTD. is excluded from consolidation due to importance and the cease of its business dated on Mar. 31, 2007.	33 consolidated subsidiaries Names of principal consolidated subsidiaries are omitted as described in the description of the outline of Mori Seiki group. Akishino Mold Laboratory, LTD., Mori Seiki Kosan, LTD., Mori Seiki Manufacturing (THAILAND) CO., LTD, TOBLER S.A.S. and Mori Seiki Techno G.M.B.H. are newly included in consolidation due to importance. Mori Seiki CANADA, LTD., Mori Seiki MALAYSIA Sdn. Bhd., and Mori Seiki 4345 MORRIS PARK DRIVE, LLC are newly included in consolidation due to foundation.
(2) Non-consolidated subsidiaries	Non-consolidated subsidiary names Mori Seiki TECHNO G.m.b.H. Akishino Mold Laboratory, LTD. Mori Seiki Kosan, Ltd. Mori Seiki Manufacturing (THAILAND) CO., LTD. TOBLER S.A.S. and 3 other subsidiaries. Reasons for exclusion from consolidation All eight non-consolidated subsidiaries are small in scale. Their total assets, sales, consolidated net income, and retained earnings are not significant for	Non-consolidated subsidiary names B.U.G., INC. and other 3 subsidiaries. Reasons for exclusion from consolidation All four non-consolidated subsidiaries are small in scale. Their total assets, sales, consolidated net income, and retained earnings are not significant for

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
	the consolidated financial statements.	the consolidated financial statements.
2 Equity method (1) Companies accounted for by the equity method Company name	 2 companies WATANABE SEIKOSYO CO., LTD. Mori Seiki MOSCOW LLC Mori Seiki Moscow LLC is included to interest method companies due to importance.	 2 companies WATANABE SEIKOSYO CO., LTD. Mori Seiki MOSCOW LLC
(2) Companies not accounted for by the equity method	Names of unconsolidated subsidiaries and affiliates not accounted by the interest method Unconsolidated subsidiaries Mori Seiki TECHNO G.m.b.H. Akishino Mold Laboratory, LTD. Mori Seiki Kosan, Ltd. Mori Seiki Manufacturing (THAILAND) CO., LTD. TOBLER S.A.S. and other 3 subsidiaries. Affiliates ITOCHU Plamac Corporation and 3 other subsidiaries. Reasons for not applying of the equity method All four unconsolidated subsidiaries and affiliates are small in scale. Their consolidated net income and retained earnings are not significant for the consolidated financial statements.	Names of unconsolidated subsidiaries and affiliates not accounted by the interest method Unconsolidated subsidiaries B.U.G., INC. and other 3 subsidiaries. Affiliates ITOCHU Systech Corporation ITOCHU Plamac Corporation changed its name to ITOCHU Systech Corporation in April, 2008. Reasons for not applying of the equity method Unchanged.

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
3 Accounting period of consolidated subsidiaries	For five consolidated subsidiaries, their fiscal year end on December 31. For twenty consolidated subsidiaries, their fiscal year end on 31 March. Five consolidated subsidiaries whose fiscal year end on December, report based on provisional settlement of account as of the consolidated closing.	For five consolidated subsidiaries, their fiscal year end on December 31. For twenty-eight consolidated subsidiaries, their fiscal year end on March 31. Five consolidated subsidiaries whose fiscal year end on December, report based on provisional settlement of account as of the consolidated closing.
4 Significant accounting policies (1) Valuation methods for assets ① Securities	Other investments in securities: Marketable securities: Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving average method. Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method.	Other investments in securities: Marketable securities: Unchanged. Non-marketable securities: Unchanged.
② Inventories	Goods, products and work in process: Stated principally at cost determined by the average method at The Company, Mori Seiki Co., Ltd and consolidated subsidiaries in Japan. Stated principally at the cost being determined by the first-in, first-out method.	Goods, products and stock in process: (The Company, Mori Seiki Co., Ltd. and its domestic consolidated subsidiaries) Stated principally at cost determined principally by the average method after writing down the book value due to the decline in profitability. (The overseas consolidated subsidiaries) Stated principally at the lower of cost or market, cost being determined by the first-in,

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
		first-out method.
	Raw materials Stated at the cost method with the moving average. Supplies Stated at the last purchase price method.	Raw materials Stated at cost determined by the moving average method after writing down the book value due to the decline in profitability. Supplies Stated at cost determined by the last purchase price method after writing down the book value due to the decline in profitability. (Change in accounting policies) Accounting Standard for Measurement of Inventories. (Administration of financial accounting standards Article 9 on July 5, 2006) has been applied from the current consolidated fiscal year. This change has almost no effect on profit and loss. The effect for segment information is described on its part.
③ Net liabilities resulting from derivatives.	Stated at fair value.	Unchanged.
(2) Depreciation method		
① Tangible fixed assets except for lease assets	Depreciation of tangible fixed assets of The Company and the domestic consolidated subsidiaries, except for buildings acquired on or subsequent to April 1, 1998, is calculated by the declining balance method over the estimated useful lives of the respective assets. Depreciation of buildings of The Company and the domestic consolidated subsidiaries acquired on or subsequent to April 1, 1998 is calculated by the straight-line method.	Depreciation of tangible fixed assets of The Company and the domestic consolidated subsidiaries, except for buildings acquired on or subsequent to April 1, 1998, is calculated by the declining balance method over the estimated useful lives of the respective assets. Depreciation of buildings of The Company and the domestic consolidated subsidiaries acquired on or subsequent to Aril 1, 1998 is calculated by the straight-line method.

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
	The estimated useful lives of tangible fixed assets are summarized as follows. Buildings and structures: 7-50 years Machinery, equipment and vehicles: 2-17 years	The estimated useful lives of tangible fixed assets are summarized as follows. Buildings and structures: 7-50 years Machinery, equipment and vehicles: 2-17 years
	(Change in accounting policies) From the current consolidation fiscal year, The Company has changed its depreciation method based on the revision in the Corporation Tax Law (the partial revision in income tax law No.6 on March 30, 2007 and partial revision in income tax law enforcement order No.83 on March 30, 2007) for the tangible assets acquired on and after April 1, 2007. The effect of the change is to reduce consolidated gross profit by 211 million yen, and operating income, ordinary income and net income before taxes by 231 million yen. The effect for segment information is noted on its part. (Additional information) Tangible assets acquired on or before March 31, 2007 are depreciated based on the difference between the equivalent of 5% of acquisition cost and memorandum value over a period of 5 years by the straight-line method once they have been fully depreciated to the limits of their respective depreciable amounts.　The effect of the change	——— ———

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
	decreased consolidated gross profit by 200 million yen, operating income, ordinary income, and net income before taxes decreased by 204 million yen. The effect for segment information is described on its part.	
	———	(Additional information) The Company and its domestic consolidated subsidiary have changed estimated useful lives of machinery from 10 to 9 years. This change is the result of adjusting the estimated useful lives to the actual conditions in accordance with the 2008 revision of the Corporation Tax Law of Japan effective April 1, 2008. As a result, gross profit decreased by 112 million yen and operating income, ordinary income, and income before income taxes and minority interests decreased by 117 million yen. The effect for segment information is described on its part.
② Intangible fixed asset except for lease assets	Stated at the straight line method. Expenditures relating to software developed for sale in the market are capitalized and amortized by the straight-line method over the prospective sales period, generally 3 years. And expenditures relating to software developed for internet use are capitalized as assets and amortized by the straight-line method over the estimated useful lives of the software, generally a period of 5 years.	Unchanged.

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
③ Lease assets	———	Calculated by the straight-line method over the respective lease terms assuming a nil residual value. Non-cancelable leases of The Company and its domestic consolidated subsidiaries, whose transactions have been started on or before March 31, 2008 are still accounted for as operating leases.
(3) Standard for inclusion of allowances		
① Allowance for doubtful receivables	Allowance for doubtful receivables is calculated based on the actual historical ratio of bad debts and an estimate of certain uncollectible amounts determined after an analysis of specific individual receivables.	Unchanged.
② Allowance for product warranties	Allowance for product warranties is calculated based on the actual historical ratio of repair costs per corresponding product sales to provide for future repairs during free charge product warranty periods.	Unchanged.
③ Allowance for bonuses to directors and corporate auditors	Allowance for bonuses to directors and corporate auditors is calculated based on the estimated amount of bonuses to be paid to directors and corporate auditors.	Allowance for bonuses to directors and corporate auditors is calculated based on the estimated amount of bonuses to be paid to directors and corporate auditors in The Company and its domestic consolidated subsidiary.
④ Allowance for retirement benefits		Allowance for retirement benefits is calculated based on the estimated amount of the retirement benefit obligation and the fair value of the pension plan assets at March 31, 2009, to provide for retirement benefits

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
		of employees in some of the overseas consolidated subsidiaries. Actuarial gain or loss is amortized in a certain period within the average remaining years of services of eligible employees.
(4) Foreign currency translation	Receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, and the differences arising from the translation are included in the statement of operations. The balance sheet accounts of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as translation adjustments and minority interests in net assets.	Unchanged.
(5) Lease accounting	Non-cancelable leases in the Company and its domestic consolidated subsidiaries are classified as operating or finance leases, except that leases which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases. Leases other than operating leases of the overseas consolidated subsidiaries are accounted for as finance leases.	———

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
(6) Hedge accounting		
① Hedge accounting	Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.	Unchanged.
② Hedging instruments and hedge items	Item for hedge accounting: Hedging instruments…Forward foreign exchange contracts Hedging items…Hedging items are primarily forecast transactions dominated in foreign currencies.	Unchanged.
③ Hedging policy	To avoid the risk arising from fluctuation in foreign currency exchange rates, The Company enters into forward foreign exchange contracts. The Company utilizisess these derivatives as hedges to reduce the inherent risk to its assets and liabilities.	Unchanged.
④ Assessing of hedge effectiveness	The effectiveness is assessed by comparing accumulated fluctuations of hedging instruments with those of hedging items.	Unchanged.
(7) Other information for consolidation financial statement		
Consumption tax	Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.	Unchanged.
5 Valuation of assets and liabilities of consolidation subsidiaries	Stated at fair value.	Unchanged.
6 Amortization of goodwill.	Stated at the straight-line method, ranging from 5 to 10 years.	Unchanged.
7 Cash and cash equivalents in the consolidated statements of cash flows..	Cash and cash equivalents consist of cash on hand, cash in banks which can be withdrawn at any time and	Unchanged.

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
	short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.	

Changes in rules for preparing consolidated financial statements

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
———	(Accounting standard for lease transactions) Non-cancelable leases not accompanying the transfer of ownership previously had been accounted for as operating leases. However, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 (June 17, 1993 (The First Committee of Business Accounting Council), revised on March 30, 2007)) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 (January 18, 1994 (The Japan Institute of Certified Public Accountants), revised on March 30, 2007)) have been applied from the current consolidated fiscal year. Therefore, non-cancelable leases have been accounted for as finance leases. However, non-cancelable leases of The Company and its domestic consolidated subsidiaries whose transaction has been started on or before March 31, 2008 are still accounted for as operating leases. This change has almost no effect on profit and loss. The effect for segment information is described on its part. (Practical Solution on Unification of Accounting Policies applied to Foreign Subsidiaries for Consolidated Financial Statements) From the current consolidated fiscal year, the "Practical Solution on Unification of Accounting Policies Applied to

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
	Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006) has been applied, and modifications necessary for the consolidated settlement of accounts are made. This change has almost no effect on profit and loss. The effect for segment information is described on its part.

Change of expression

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
———	(Consolidated balance sheet) With applying the ministerial ordinance of Cabinet Office for modification the part of financial statement regulation, what was classified as 'inventories' at the previous consolidated fiscal year comes to be classified as 'goods and products', 'work in process' and 'raw materials and supplies' from the current consolidated fiscal year. Also, 'goods and products', 'work in process' and 'raw materials and supplies' included in inventories at the previous consolidated fiscal year are respectively 13,703 million yen, 7,867 million yen, 17.172 million yen.

Notes

(Consolidated balance sheet)

Previous consolidated fiscal year (March 31, 2008)		Current consolidated fiscal year (March 31, 2009)	
※1 Accumulated depreciation for tangible fixed assets	71,138 Million yen	※1 Accumulated depreciation for tangible fixed assets	76,500 Million yen

Previous consolidated fiscal year (March 31, 2008)	Current consolidated fiscal year (March 31, 2009)
※2 Guaranty of liabilities Guaranty of liabilities for customer paying lease fee (Komatsuki Co, Ltd. and other 375 cases) 2,339 Million yen	※2 Guaranty of liabilities 1) Guaranty of liabilities for customer paying lease fee (Komatsuki Co, Ltd. and other 356 cases) 1,962 Million yen 2) The Company has provided a bank with the letter of awareness on the bank loans of its unconsolidated subsidiary. B.U.G., INC. 650 Million yen
※3 Notes related to unconsolidated subsidiaries and associates. Investments in securities (Stocks) 2,744 Million yen Investments and other assets Other (Equity fund) 145 Million yen	※3 Notes related to unconsolidated subsidiaries and associates. Investments in securities (Stocks) 1,339 Million yen Investments and other assets Other (Equity fund) 73 Million yen
※4 The Company revalued its land for operational usage in accordance with the laws on land revaluation. The resulting revaluation difference, net of the applicable tax effect on revaluation gain, has been stated as a component of shareholders' equity, 'land revaluation reserve', and the applicable tax effect has been included in 'deferred income taxes on land revaluation reserve'. As a result, 1,699 million yen is included as part of liabilities and, and a negative 1,545 million yen in shareholders' equity. ① Method of revaluating The value of the land is calculated in accordance with the laws on land revaluation, and adjusted appropriately. ② Date of revaluation 31 March, 2002 ③ Difference between fair value at the end of the term and the book -2,661 Million yen	※4 The Company revalued its land for operational usage in accordance with the laws on land revaluation. The resulting revaluation difference, net of the applicable tax effect on revaluation gain, has been stated as a component of shareholders' equity, 'land revaluation reserve', and the applicable tax effect has been included in 'deferred income taxes on land revaluation reserve'. As a result, 1,699 million yen is included as part of liabilities and, and a negative 1,545 million yen in shareholders' equity. ① Method of revaluating The value of the land is calculated in accordance with the laws on land revaluation, and adjusted appropriately. ② Date of revaluation 31 March, 2002 ③ Difference between fair value at the end of the term and the book -2,605 Million yen

Previous consolidated fiscal year (March 31, 2008)	Current consolidated fiscal year (March 31, 2009)
※5 Line-of-credit agreements For effective financing purposes, the Company concluded line-of-credit agreements with three banks and the status of these at the end of the current consolidated fiscal year is summarized as follows. Lines of credit 40,000 million yen Short-term loans utilized — Available credit 40,000 million yen	※5 Line-of-credit agreements For effective financing purposes, the Company concluded line-of-credit agreements with three banks and the status of these at the end of the current consolidated fiscal year is summarized as follows. Lines of credit 45,000 million yen Short-term loans utilized 9,800 million yen Available credit 35,200 million yen
※6 Committed line-of-credit agreements For effective financing purposes, the Company's domestic consolidated subsidiary concluded committed line-of-credit agreements with two banks and the status of such agreements at the end of the current consolidated fiscal year is summarized as follows. Committed lines of credit 1,200 million yen Short-term loans utilized 696 million yen Available credit 504 million yen	※6 Committed line-of-credit agreements For effective financing purposes the Company and its domestic consolidated subsidiary concluded committed line-of credit agreements with twenty four banks and the status of such agreements at the end of the current consolidated fiscal year is summarized as follows. Committed lines of credit 31,200 million yen Short-term loans utilized 498 million yen Available credit 30,702 million yen

(Consolidated profit and loss)

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
※1 Principal expense items included in sales and global administrative expenses are below; Fare 9,503 million yen Sales promotion expenses 4,893 million yen Salary and bonus 13,307 million yen Expenses for retirement benefit 336 million yen Depreciation 2,131 million yen Amortization of goodwill 798 million yen Commissions 4,441 million yen	※1 Principal expense items included in sales and global administrative expenses are below; Fare 7,538 million yen Sales promotion expenses 4,158 million yen Salary and bonus 12,998 million yen Expenses for retirement benefit 472 million yen Depreciation 2,492 million yen Amortization of goodwill 389 million yen

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)		Current consolidated fiscal year (April 1, 2008 to March 31, 2009)	
		Commissions	4,356 million yen
Research and development expenditures	4,550 million yen	Research and development expenditures	5,673 million yen
Allowance for product warranties	736 million yen	Allowance for product warranties	-353 million yen
Allowance for bonuses to directors and corporate auditors	163 million yen	Allowance for bonuses to directors and corporate auditors	25 million yen
※2 Total of research and development expenditures. (General administrative expenditure)	4,550 million yen	※2 Total of research and development expenditures. (General administrative expenditure)	5,673 million yen
※3 Details of gain on sales of fixed assets		※3 Details of gain on sales of fixed assets	
Machinery, equipment and vehicles	59 million yen	Buildings and structures	12 million yen
Land	8 million yen	Machinery, equipment and vehicles	18 million yen
Other (software)	0 million yen		
Other (fixture and furniture)	0 million yen	Other (fixture and furniture)	0 million yen
Total	68 million yen	Total	31 million yen
※4 Details of loss on sales of fixed assets		※4 Details of loss on sales of fixed assets	
Machinery, equipment and vehicles	11 million yen	Machinery, equipment and vehicles	3 million yen
Land	207 million yen		
Other (fixture and furniture)	1 million yen	Other (fixture and furniture)	1 million yen
Total	220 million yen	Total	4 million yen
※5 Details of loss on disposal of fixed assets		※5 Details of loss on disposal of fixed assets	
Buildings and structures	122 million yen	Buildings and structures	570 million yen
Machinery, equipment and vehicles	74 million yen	Machinery, equipment and vehicles	6 million yen
Other (software)	46 million yen		
Other (fixture and furniture)	107 million yen	Other (fixture and furniture)	22 million yen
Total	350 million yen	Total	599 million yen

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

※6 Loss on impairment of fixed assets

The consolidated companies recognized loss on impairment of fixed assets as follows;

Use	Classification	Location	Million yen
Head office of Mori Seiki Taiwan, LTD.	Building	Taipei, Taiwan	113
	Land		76
Total			190

(Background)

Mori Seiki (Taiwan) Co., Ltd. had utilized land and building(s) in the above table as its head offices, and etc. However, Mori Seiki (Taiwan) Co., Ltd. determined to sell these assets during the current consolidated fiscal year. Thus, Mori Seiki (Taiwan) Co., Ltd. recognized a loss on impairment of these assets.

(Grouping)

The Company and its consolidated subsidiaries basically group their assets by operating department. The assets are grouped by sales office in the sales department and by plant in the manufacturing department. Idle properties which are not expected to be used in the future are grouped individually.

Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

※6 Loss on impairment of fixed assets

The consolidated companies recognized loss on impairment of fixed assets as follows;

Use	Classification	Location	Million yen
Head office of Mori Seiki USA,. INC	Building, land, others (fixture and furniture)	Illinois, U.S.A.	27
Mori Seiki INTERNATIONAL SA (DIXI)	Goodwill	—	101
Total			128

(Background)

① Mori Seiki U. S. A., INC had utilized land, building(s), and machinery, equipment and vehicles in the above table as its head office. However, Mori Seiki U. S. A., INC determined to sell these asserts during the current consolidated fiscal year. Thus, Mori Seiki U. S. A., INC recognized a loss on impairment of these assets.

② Mori Seiki INTERNATIONAL SA (DIXI) recognized a loss on impairment of goodwill in the above table because Mori Seiki INTERNATIONAL SA (DIXI) appreciated a decline in profitability in operating activities.

(Grouping)

The Company and its consolidated subsidiaries basically group their assets by operating department. The assets are grouped by sales office in the sales department and by plant in the manufacturing department. Idle properties which are not expected to be used in the future are grouped individually.

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
(Estimate amounts for receivable) Recoverable amounts are measured at value determined by appraisals conducted by real estate appraisers.	（Estimate amounts for receivable） Recoverable amounts on land, building(s), and machinery, equipment are measured at reasonable estimates of their projected net selling prices. Recoverable amounts on goodwill are measured at estimates of their cash flows in the future, using their value in use. (tools, furniture etc.) above is valued by net sales value.

(Consolidated statement of changes in shareholders' equity)

Previous consolidated fiscal year (Apri1 1, 2007 to March 31, 2008)

1 Shares issued and outstanding

	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	100,366,274	988,338	4,879,300	96,475,312

(Overview of changes)

The significant reason of increase is as follows;

Exercise of stock acquisition rights: 988,338 stocks

The significant reason of decrease is as follows;

Retirement of treasury stock with the resolution in board meeting: 4,879,300 stocks

2 Treasury stock

	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	4,333,935	4,907,064	6,545,107	2,695,892

(Overview of changes)

The significant reasons of increase are as follows;

Purchases of treasury stocks with the resolution in board meeting: 4,903,400 stocks

Purchases of stocks under minimum unit: 3,664 stocks

The significant reasons of decrease are as follows;

Retirement of treasury stock with the resolution in board meeting: 4,879,300 stocks

Exercise of stock option rights: 1,665,500 stocks

Claim for adding to holdings stocks under minimum unit: 307 stocks

3 Stock acquisition rights

Company			Amount of stocks				Balance at the end of the current fiscal year (Unit: Million yen)
			The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year	
The company	Stock acquisition rights as stock option	Common stock	—	—	—	—	369
Total			—	—	—	—	369

For stock acquisition rights as stock option, the exercise term has not yet come.

4 Dividends

(1) Dividends paid

Resolution		Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective date
June 28, 2007 Shareholders' meeting	Common stock	2,305	24	March 31, 2007	June 29, 2007
November 5, 2007 Board meeting	Common stock	2,436	25	September 30, 2007	December 10, 2007

(2) Dividends, which the cutoff date was in the year ended March 31, 2007, and the effective date of which will be in the year ending March 31, 2008

Resolution			Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective date
June 18, 2008 Shareholders' meeting	Common stock	Retained earnings	2,344	25	March 31, 2008	June 19, 2008

Current consolidated fiscal year (Apri1 1, 2008 to March 31, 2009)

1 Shares issued and outstanding

	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	96,475,312	—	—	96,475,312

2 Treasury stock

	The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year
Common stock	2,695,892	5,291,188	61,105	7,925,975

(Overview of changes)

The significant reasons of increase are as follows;

Purchases of treasury stocks with the resolution in board meeting: 5,287,500 stocks

Purchases of stocks under minimum unit: 3,665 stocks

The significant reasons of decrease are as follows;

Exercise of stock option rights: 60,500 stocks

Claim for adding to holdings stocks under minimum unit: 605 stocks

3 Stock acquisition rights

Company			Amount of stocks				Balance at the end of the current fiscal year (Unit: Million yen)
			The end of the previous fiscal year	Increase	Decrease	The end of the current fiscal year	
The Company	Stock acquisition rights as stock option	Common stock	—	—	—	—	821
Consolidated subsidiary	Stock acquisition rights as stock option	Common stock	—	—	—	—	7
Total			—	—	—	—	828

For stock acquisition rights as stock option, the exercise term has not yet come.

4 Dividends

(1) Dividends paid

Resolution		Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 18, 2008 Shareholders' meeting	Common stock	2,344	25	March 31, 2008	June 19, 2008
October 28, 2008 Board meeting	Common stock	1,828	20	September 30, 2008	December 1, 2008

(2) Dividends, which the cutoff date was in the year ended March 31, 2009, and the effective date of which will be in the year ending March 31, 2010

Resolution			Amount of dividend (Million yen)	Dividend per stock (yen)	Base date	Effective day
June 17, 2009 Shareholders' meeting	Common stock	Retained earnings	1,771	20	March 31, 2009	June 18, 2009

(Consolidated statement of cash flows)

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
※1 Cash and cash equivalents as of the fiscal year end are reconciled to the accounts reported in the consolidated balance sheets	Cash and cash equivalents 17,984 million yen Time deposits with maturities of more than three months -68 million yen Cash and cash equivalents at the end of the fiscal year 17,916 million yen	Cash and cash equivalents 14,452 million yen Time deposits with maturities of more than three months -197 million yen Cash and cash equivalents at the end of the fiscal year 14,255 million yen
2 Details of significant non-monetary transactions		

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
Exercise of stock acquisition rights	Capital gain from exercise of stock acquisition rights 676 million yen Gain of capital surplus from exercise of stock acquisition rights 674 million yen Decrease of bonds with stock acquisition rights from exercise of the stock acquisition rights 1,337 million yen Loss on bond redemption 13 million yen	———

(Lease contracts)

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
Borrower 1 Finance leases not accompanying the transfer of ownership	———	Finance leases not accompanying the transfer of ownership starting on or before March 31, 2008 are accounted for as operating leases. The contents are following.

1) Acquisition costs, accumulated depreciation and book value at the end of the current fiscal year

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

	Acquisition Costs (Million yen)	Accumulated depreciation (Million yen)	Net book value (Million yen)
Machinery, equipment and vehicle	9,040	3,598	5,442
Tools and Furniture, etc	343	140	203
Total	9,383	3,738	5,645

Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

	Acquisition Costs (Million yen)	Accumulated depreciation (Million yen)	Net book value (Million yen)
Machinery, equipment and vehicle	7,744	3,651	4,093
Tools and Furniture, etc	279	141	138
Total	8,024	3,792	4,231

2) Remaining lease payments subsequent to the current fiscal year

	Previous consolidated fiscal year	Current consolidated fiscal year
Within one year	1,411 million yen	1,346 million yen
Over one year	4,337 million yen	3,020 million yen
Total	5,748 million yen	4,367 million yen

	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
3) Lease payments made, depreciation and interest expense	Lease fee 1,735 million yen Depreciation 1,624 million yen Interest expense 152 million yen	Lease fee 1,537 million yen Depreciation 1,430 million yen Interest expense 122 million yen
4) Depreciation	Calculated by the straight-line method over the respective lease terms assuming that a nil residual value is zero	Unchanged.
5) Interest expense	Calculated by the difference between total of lease payments and acquisition cost which is allocated by interest method.	Unchanged.
2 Operating leases		
Remaining lease payments subsequent to the current fiscal year	Within one year 1,033 million yen Over one year 10,247 million yen Total 11,280 million yen	Within one year 1,059 million yen Over one year 9,761 million yen Total 10,821 million yen

(Securities)

Previous consolidated fiscal year (Apri1 1, 2007 to March 31, 2008)

1 Marketable securities classified as other securities

	Acquisition cost (Million yen)	Carrying value (Million yen)	Unrealized gain (loss) (Million yen)
Securities whose carrying value exceeds their acquisition cost Equity securities	5,242	7,298	2,055
Sub-total	5,242	7,298	2,055
Securities whose carrying value does not exceeds their acquisition cost Equity securities	1,150	1,101	-49
Sub-total	1,150	1,101	-49
Total	6,393	8,399	2,006

Notes: The Company recorded an impairment loss of 541 million yen on marketable equity securities classified as other securities. An impairment loss is recorded when the market value of a security falls by 30% or more from its carrying value.

2 Principal investments in non-marketable securities

	Carrying value (Million yen)
(1) Investments in subsidiaries and affiliated companies	
Investments in unconsolidated subsidiaries	1,844
Investments in affiliates	900
(2) Other securities	
Investments in unlisted stocks	297
Investment for limited liability partnership	99

Current consolidated fiscal year (Apri1 1, 2008 to March 31, 2009)

1 Marketable securities classified as other securities

	Acquisition cost (Million yen)	Carrying value (Million yen)	Unrealized gain (loss) (Million yen)
Securities whose carrying value exceeds their acquisition cost Equity securities	4,017	5,559	1,542
Sub-total	4,017	5,559	1,542
Securities whose carrying value does not exceeds their acquisition cost Equity securities	1,165	1,007	-158
Sub-total	1,165	1,007	-158
Total	5,182	6,567	1,384

Notes: The Company recorded an impairment loss of 1,211 million yen on marketable equity securities classified as other securities. An impairment loss is recorded when the market value of a security falls by 30% or more from its carrying value.

2 Principal investments in non-marketable securities

	Carrying value (Million yen)
(1) Investments in subsidiaries and affiliated companies	
Investments in unconsolidated subsidiaries	573
Investments in affiliates	766

	Carrying value (Million yen)
(2) Other securities	
Investments in unlisted stocks	595
Investment for limited liability partnership	96

(Derivatives)

1 Details of derivatives

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
(1) Contents To stabilize profit and loss, The Company utilizes forward foreign exchange contracts of forecast transactions dominated in foreign currency in the necessary range, based on the results of exports.	Unchanged.
(2) Policies The Company utilizes forward foreign exchange contracts of forecast transactions dominated in foreign currency in the necessary range. It does not enter into such transactions for speculative purposes.	Unchanged.
(3) Purpose The Company is constantly exposed to risks of fluctuation in foreign currency exchange rates in its operations. In seeking for stability and efficiency, it sees a need to minimize such risks so that it could focus on the issues of its core business. The Company applies hedge accounting to its derivatives transactions.	Unchanged.
① Hedge accounting Deferral hedge accounting is adopted.	Unchanged.
② Hedging instruments and hedged items Hedging instruments…Forward foreign exchange contracts Hedging items…Hedging items are primarily forecast transactions dominated in foreign currencies.	Unchanged.

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
③ Hedging policy……To avoid the risk arising from fluctuation in foreign currency exchange rates, The Company enters into forward foreign exchange contracts. The Company utilizisess these derivatives as hedges to reduce the inherent risk to its assets and liabilities.	Unchanged.
④ Assessment of hedge effectiveness……The effectiveness is assessed by comparing accumulated fluctuations of hedging instruments with those of hedging items.	Unchanged.
(4) Derivatives' trading risks The Company utilizes derivates as hedges to reduce the inherent risk to its assets and liabilities. These transactions are not likely to have a major impact on the performance of The Company. Derivatives' trading is limited to highly credit-worthy financial institutions acting as counterparties, virtually eliminating counterparty default risk in the view of management.	Unchanged.
(5) Risk management of derivatives transactions In accordance with The Company's internal policies on derivatives, the finance department of The Company is responsible for managing the market and credit risk relating to these transactions and this division manages the position limits, credit limits, and the status of all open derivatives positions subject to approval by the director responsible. The Company's consolidated subsidiaries do not engage in derivatives transactions.	Unchanged.

2 Fair value of derivatives' transactions

Contract value, fair value, and unrealized gain (loss)

		End of the previous consolidated fiscal year (March 31, 2008)				End of the current consolidated fiscal year (March 31, 2009)			
		Contract value (million yen)	Portion of contract value exceeding one year (million yen)	Fair value (million yen)	Unrealized gain (loss) (million yen)	Contract value (million yen)	Portion of contract value exceeding one year (million yen)	Fair value (million yen)	Unrealized gain (loss) (million yen)
Derivatives' transactions	Forward foreign exchange contracts Selling								
	U.S. dollars	6,051	—	5,370	680	1,987	—	1,766	221
	Euro	9,117	—	9,637	-520	6,645	—	6,110	535
Total		15,168	—	15,008	160	8,633	—	7,876	756

Notes: 1 Calculation of fair value

Foreign exchange hedges……Based on futures market pricing.

2 Hedge accounting: Items subject to deferred hedge accounting are not disclosed.

（Retirement benefits）

1 Overview of retirement benefits

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

The Company and four domestic consolidated subsidiaries have established an employees' defined contribution pension plan. In addition to the above, one domestic consolidated subsidiary participates in a small- and medium-sized enterprise mutual aid plan and a multi-employer pension plan covering all of its employees.

The welfare pension fund that the domestic consolidated subsidiary has implemented is a mutual fund. The amount of pension assets corresponded to contribution of the subsidiary is inconclusive. Thus, it regards contribution to the pension fund as retirement benefit expenses, applying "Account Standard for Retirement Allowance" (Business Accounting Deliberation Council, June 16 1998).

The amount of the pension assets, calculated from pension assets of the pension fund based on the rate of contribution on March 31, 2008, is 441 million yen.

①The status of contribution of the welfare pension fund（March 31, 2007）

Pension assets	7,643 million yen
Retirement obligation of the pension	5,973 million yen
Difference	1,669 million yen

②The ratio of contribution of the subsidiary against the pension fund（March 31, 2008） 6.7％

Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

The Company and six domestic consolidated subsidiaries has have established an employees' defined contribution pension plan.

In addition to the above, one domestic consolidated subsidiary participates in a small- and medium-sized enterprise mutual aid plan and a multi-employer pension plan covering all of its employees. Also, some of overseas consolidated subsidiaries has have established a defined benefit plan, a termination benefit plan with a lump-sum payment, or an employees' defined contribution pension plan.

The welfare pension fund that the domestic consolidated subsidiary has implemented is a mutual fund. The amount of pension assets corresponded to contribution of the subsidiary is inconclusive. Thus, it regards contribution to the pension fund as retirement benefit expenses, applying “Account Standard for Retirement Allowance” (Business Accounting Deliberation Council, June 16 1998).

The amount of pension assets of the subsidiary, calculated from pension assets of the pension fund based on the rate of contribution on March 31, 2009, is 428 million yen.

①The status of contribution of the welfare pension fund（March 31, 2008）

Pension assets	6,619 million yen
Retirement obligation of the pension	6,710 million yen
Difference	-91 million yen

②The ratio of contribution of the subsidiary against the pension fund（March 31, 2009） 7.4％

２ The funded status of retirement benefits

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

None

Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
(1) Retirement benefit obligation	-2,393 million yen
(2) Plan assets at fair value	1,634 million yen
(3) Unfunded retirement benefit obligation (1)+(2)	-758 million yen
(4) Unrecognized actuarial loss	116 million yen
(5) Allowance for retirement benefits (3)+(4)	-641 million yen

3 Details of expenses for retirement benefits

	Previous consolidated fiscal year(April 1, 2007 to March 31, 2008)	Current consolidated fiscal year(April 1, 2008 to March 31, 2009)
(1) Service cost	—	79 million yen
(2) Interest cost	—	158 million yen
(3) Expected return on plan assets	—	-138 million yen
(4) Amortization of actuarial loss	—	258 million yen
(5) Contributions to the pension plan	837 million yen	1,046 million yen
(6) Contributions to a small- and medium-sized enterprise mutual aid plan	10 million yen	11 million yen
(7) Contributions to the multi-employer pension plan	36 million yen	39 million yen
Total	883 million yen	1,455 million yen

4 The assumptions used in accounting for the retirement benefit obligation

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

None

Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
(1) Discount rate	3.00~6.35％
(2) Expected rate of return on plan assets	4.00~6.22％
(3) Attribution of retirement obligation	The straight-line method over the estimated years of service of eligible employees
(4) Amortization period of actuarial gain or loss	1 to 10 years （The certain period within the average remaining years of service of eligible employees）

（Additional information）

"Partial Amendments to Accounting Standard for Retirement Benefits (Part2)" (ASBJ PITF No.14, May 15, 2007) have been applied since the previous consolidated fiscal year.

(Stock options)

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

1 The account and the amount of stock options charged as expenses for the previous consolidated fiscal year

Cost of sales	142 million yen
Selling, general and administrative expenses	227 million yen

2 Description of stock options/ Changes in the size of stock options

(1) Description of stock options

Company name	The Company
Date of resolution	June 27, 2002
Category and number of people to whom stock options are granted	Directors 14 Auditors 1 Employees 450 Consultants outside 2
Type and number of stocks	Common stock 2,972,000
Grant date	August 6, 2002
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period
Vesting period	August 6, 2002 to June 30, 2004
Exercise period	July 1, 2004 to June 30, 2007

Company name	The Company
Date of resolution	June 25, 2004
Category and number of people to whom stock options are granted	Directors 2 Auditors 1 Employees 196 Consultants outside 39
Type and number of stocks	Common stock 1,102,000
Grant date	July 21, 2004
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period
Vesting period	July 21, 2004 to June 30, 2006
Exercise period	July 1, 2006 to June 30, 2009

Company name	The Company
Date of resolution	June 29, 2005
Category and number of people to whom stock options are granted	Directors 14 Directors of branch factories 5 Auditors 5 Employees 333 Employees of branch factories 34 Consultants outside 4
Type and number of stocks	Common stock 2,798,000
Grant date	July 20, 2005
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period
Vesting period	July 20, 2005 to June 30, 2007
Exercise period	July 1, 2007 to June 30, 2010

Company name	The Company
Date of resolution	June 28, 2007
Category and number of people to whom stock options are granted	Employees 234 Employees of blanch factories 137
Type and number of stocks	Common stock 1,180,000
Grant date	July 23, 2007
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period
Vesting period	July 23, 2007 to June 30, 2009
Exercise period	July 1, 2009 to June 30, 2012

(2) Changes in the size of stock options

① Number of stock options

Company name	The Company	The Company	The Company	The Company
Date of resolution	June 27, 2002	June 25, 2004	June 29, 2005	June 28, 2007
Stock subscription rights which are not yet vested (Stocks)				
As of March 31, 2007	—	—	2,776,000	—
Granted	—	—	—	1,180,000
Forfeited	—	—	—	80,000
Vested	—	—	2,776,000	—

Balance of options not vested	—	—	—	1,100,000
Stock subscription rights which have been already vested (Stocks)				
As of March 31, 2007	117,100	311,400	—	—
Vested	—	—	2,776,000	—
Exercised	111,100	119,000	1,435,400	—
Forfeited	6,000		2,000	—
Balance of options not exercised	—	192,400	1,338,600	—

② Unit price information

Company name	The Company	The Company	The Company	The Company
Date of resolution	June 27, 2002	June 25, 2004	June 29, 2005	June 28, 2007
Exercise price (yen)	1,088	957	1,259	4,040
Average price per stock upon exercise (yen)	3,480	3,079	2,880	—
Fair value per stock at grant date (yen)	—	—	—	866

３ Method for estimating per stock fair value of stock options

(1) Technique of estimation used

Black-Scholes model

(2) Basic factors taken into account for the estimation

① Expected volatility of the stock price 29.852％

It is calculated based on every-week fair stock value in a period corresponding to the expected term existed at the date of the calculation (July 23, 2007)

② Expected life of the option ３ years and ５ months

Because there is not enough data to make a reasonable estimation, expected life of the option is based on the assumption that the options are evenly exercised during the respective exercise period.

③ Expected dividend 44 yen / stock

It is based on actual dividends for the fiscal year ended March 31, 2007.

④ Risk-free interest rate 1.2630％

It takes the average of compound interest of bonds whose redemption date comes within three months before or after the expected life of the option above according to information on interest-bearing long-term government bond’s trade statistics published by Japan Securities Dealers Association.

４． Estimation of the number of stock options vested

Basically it is difficult to reasonably estimate the number of options that will expire in the future, only the number of options that have actually forfeited is reflected.

Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

１． The account and the amount of stock options charged as expenses for the current consolidated fiscal year

Cost of sales	198 million yen
Selling, general and administrative expenses	260 million yen

２． Description of stock options/ Changes in the size of stock options

(1) Description of stock options

Company name	The Company	
Date of resolution	June 25, 2004	
Category and number of people to whom stock options are granted	Directors Auditors Employees Consultants outside	2 1 196 39
Type and number of stocks	Common stock 1,102,000	
Grant date	July 21, 2004	
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period	
Vesting period	July 21, 2004 to June 30, 2006	
Exercise period	July １, 2006 to June 30, 2009	

Company name	The Company	
Date of resolution	June 29, 2005	
Category and number of people to whom stock options are granted	Directors Directors of subsidiaries Auditors Employees Employees of subsidiaries Consultants outside	14 5 5 333 34 4
Type and number of stocks	Common stock 2,798,000	
Grant date	July 20, 2005	
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period	

Vesting period	July 20, 2005 to June 30, 2007
Exercise period	July 1, 2007 to June 30, 2010

Company name	The Company	
Date of resolution	June 28, 2007	
Category and number of people to whom stock options are granted	Employees Employees of subsidiaries	234 137
Type and number of stocks	Common stock 1,180,000	
Grant date	July 23, 2007	
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period	
Vesting period	July 23, 2007 to June 30, 2009	
Exercise period	July 1, 2009 to June 30, 2012	

Company name	The Company	
Date of resolution	June 18, 2008	
Category and number of people to whom stock options are granted	Directors Auditors Employees Employees of subsidiaries	16 5 908 221
Type and number of stocks	Common stock 4,155,000	
Grant date	September 17, 2008	
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period	
Vesting period	September 17, 2008 to June 30, 2010	
Exercise period	July 1, 2010 to June 30, 2013	

Company name	Taiyo Koki, Co. LTD.	
Date of resolution	June 20, 2008	
Category and number of people to whom stock options are granted	Directors of the subsidiary Auditors of the subsidiary Employees of the subsidiary	7 2 38
Type and number of stocks	Common stock 50,400	
Grant date	July 25, 2008	
Vesting conditions	Continue to work from the grant date to until the beginning of the exercise period	

Vesting period	July 25, 2008 to June 30, 2010
Exercise period	July 1, 2010 to June 30, 2013

(2) Changes in the size of stock options

① Number of stock options

Company name	The Company	The Company	The Company	The Company	TAIYO KOKI, Co. LTD.
Date of resolution	June 25, 2004	June 29, 2005	June 28, 2007	June 18, 2008	June 20, 2008
Stock subscription rights which are not yet vested (Stocks)					
As of March 31, 2008	—	—	1,100,000	—	—
Granted	—	—	—	4,155,000	50,400
Retirement	—	—	1,100,000	—	—
Forfeited	—	—	—	60,500	3,600
Vested	—	—	—	—	—
Balance of options not vested	—	—	—	4,094,500	46,800
Stock subscription rights which have been already vested (Stocks)					
As of March 31, 2008	192,400	1,338,600	—	—	—
Vested	—	—	—	—	—
Exercised	17,500	43,000	—	—	—
Forfeited	4,000	3,700	—	—	—
Balance of options not exercised	170,900	1,291,900	—	—	—

② Unit price information

Company name	The Company	The Company	The Company	The Company	Taiyo Koki, CO. LTD.
Date of resolution	June 25, 2004	June 29, 2005	June 28, 2007	June 18, 2008	June 20, 2008
Exercise price (yen)	957	1,259	4,040	1,563	1,806
Average price per stock upon exercise (yen)	1,840	1,832	—	—	—
Fair value per stock at grant date (yen)	—	—	866	174	428

３． Change of conditions of the stock option from current consolidated fiscal year

The Company's new issue of stock, issued by the resolution of a general meeting of shareholders at June 28, 2007, was acquired and retired. However, those new issue of stock were inherited as a part of new issue of stock, issued by the resolution of a general meeting at June 18, 2008, and so the Company regards that as the price changes (the price to be exercised upon the stock option, from 4,040 yen to 1,563 yen).

4. Method for estimating per stock fair value of stock options

(1) Technique of estimation used

Black-Scholes model

(2) Basic factors taken into account for the estimation

(The Company)

① Expected volatility of the stock price 38.803％

It is calculated based on every-week fair stock value in a period corresponding to the expected term existed at the date of the calculation (September 17, 2008)

② Expected life of the option ３years and 3months

Because there is not enough data to make a reasonable estimation, expected life of the option is based on the assumption that the options are evenly exercised during the respective exercise period.

③ Expected dividend 50 yen / stock

It is based on actual dividends for the fiscal year ended March 31, 2008.

④ Risk-free interest rate 0.8830％

It takes the average of compound interest of bonds whose redemption date comes within three months before or after the expected life of the option above according to information on interest-bearing long-term government bond's trade statistics published by Japan Securities Dealers Association.

(TAIYO KOKI, CO. LTD.)

① Expected volatility of the stock price 45.182％

It is calculated based on profitability of every-week fair stock value of TAIYO KOKI, CO., LTD. from December 19, 2007 to July 25, 2008 and profitability of every-week fair stock value of similar entities from July 26, 2006 to December 18, 2007.

② Expected life of the option ３years and 6months

Because there is not enough data to make a reasonable estimation, expected life of the option is based on the assumption that the options are evenly exercised during the respective exercise period.

③ Expected dividend 15 yen / stock

It is based on actual dividends for the fiscal year ended March 31, 2008.

④ Risk-free interest rate 1.066％

It takes the average of compound interest of bonds whose redemption date comes within three months before or after the expected life of the option above according to information on interest-bearing long-term government bond’s trade statistics published by Japan Securities Dealers Association.

5. Estimation of the number of stock options vested

Basically it is difficult to reasonably estimate the number of options that will expire in the future, only the number of options that have actually forfeited is reflected.

(Tax-effect accounting)

	Previous consolidated fiscal year (March 31, 2007)		Current consolidated fiscal year (March 31, 2008)	
1 Significant components of deferred tax assets and liabilities	(1) Current		(1) Current	
	Deferred tax assets:		Deferred tax assets:	
	Inventories	491 million yen	Inventories	705 million yen
	Elimination of unrealized gain on inventories	1,305 million yen	Elimination of unrealized gain on inventories	608 million yen
	Allowance for doubtful receivables	43 million yen	Allowance for doubtful receivables	2 million yen
	Accrued enterprise taxes	779 million yen	Accrued enterprise taxes	24 million yen
	Other	674 million yen	Other	657 million yen
		3,293 million yen		1,998 million yen
	Valuation allowance	-12 million yen	Valuation allowance	-63 million yen
	Total deferred tax assets	3,280 million yen		1,934 million yen
	Deferred tax liabilities:		Offset of deferred tax liabilities	-220 million yen
	Other	79 million yen	Deferred tax assets, net	1,714 million yen
	Total deferred tax liabilities	79 million yen	Deferred tax liabilities:	
			Enterprise taxes receivable	216 million yen
			Other	116 million yen
				333 million yen
			Offset of deferred tax assets	-220 million yen
			Deferred tax liabilities, net	113 million yen

	Previous consolidated fiscal year (March 31, 2007)	Current consolidated fiscal year (March 31, 2008)
	(2) Non-current Deferred tax assets: Inventories 383 million yen Loss on devaluation of listed equity securities 1,248 million yen Depreciation 759 million yen One-time write-off applied to assets 180 million yen Allowance for doubtful receivables 14 million yen Unrealized loss on derivative instruments 698 million yen Other 97 million yen 3,382 million yen Valuation allowance -1,707 million yen 1,674 million yen Offset of deferred tax liabilities -559 million yen Deferred tax assets, net 1,115 million yen Deferred tax liabilities: Deferred capital gain on property 3 million yen Reserve for depreciation for tax purposes 112 million yen Unrealized holding gain on securities 443 million yen Other 643 million yen	(2) Non-current Deferred tax assets: Inventories 402 million yen Loss on devaluation of listed equity securities 1,254 million yen Depreciation 681 million yen One-time write-off applied to assets 76 million yen Allowance for doubtful receivables 18 million yen Other 399 million yen 2,833 million yen Valuation allowance -1,979 million yen 854 million yen Offset of deferred tax liabilities -570 million yen Deferred tax assets, net 283 million yen Deferred tax liabilities: Unrealized gain on derivative instruments 818 million yen Reserve for depreciation for tax purposes 108 million yen Unrealized holding gain on securities 181 million yen Other 401 million yen 1,509 million yen Offset of deferred tax assets -570 million yen Deferred tax liabilities, net 938 million yen

	Previous consolidated fiscal year (March 31, 2007)		Current consolidated fiscal year (March 31, 2008)	
		1,202 million yen	Deferred tax liabilities on land revaluation reserve	1,669 million yen
	Offset of deferred tax assets	-559 million yen		
	Deferred tax liabilities, net	643 million yen		
	Deferred tax liabilities on land revaluation reserve	1,699 million yen		
2 Reconciliation of the differences between the statutory tax rate and the effective tax rates	Statutory tax rate	40.49%	Statutory tax rate	40.49%
	(Reconciliation):		(Reconciliation):	
	Permanent non-deductible expenses	0.94%	Permanent non-deductible expenses	28.29%
	Permanently non-taxable income	-0.19%	Permanently non-taxable income	-3.29%
	Per capita portion of inhabitants' taxes	0.21%	Per capita portion of inhabitants' taxes	5.11%
	Temporary differences relating to investments in subsidiaries	0.53%	Temporary differences relating to investments in subsidiaries	-6.15%
	Reversal of valuation allowance	1.23%	Reversal of valuation allowance	186.49%
	Tax credit	-1.52%	Other	-4.72%
	Adjustment of the income tax in the prior year	0.19%	Effective tax rates	246.22%
	Other	-0.17%		
	Effective tax rates	41.71%		

(Segment Information)

a． Business segment information

In the previous consolidated fiscal year (April 1, 2007 to March 31, 2008) and the current consolidated fiscal year (April 1, 2008 to March 31, 2009), The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of computerized numerically-controlled lathes, vertical-type and horizontal-type machining centers, multi-axis machines produced in a wide variety of models to meet their customers' diverse needs.

b． Geographical segment Information

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

(Amount: million yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Eliminations	Consolidated
1 Sales and operating income Net sales (1) Sales to third parties	102,426	37,131	58,539	4,163	202,260	—	202,260
(2) Inter-group sales	82,051	835	1,112	1,538	85,537	(85,537)	—
Total	184,478	37,966	59,651	5,701	287,797	(85,537)	202,260
Operating expenses	154,211	37,491	57,252	5,694	254,649	(83,692)	170,957
Operating income	30,266	474	2,398	7	33,147	(1,844)	31,302
2 Assets	147,150	15,199	34,852	3,196	200,398	(26,128)	174,270

(Notes) 1 All common expenses in operating expenses are assigned to each segment.

2 Elimination and all the group's assets in assets included in all the group's contents are 11,457 million yen. And what is main there is invested assets fund left (Cash and cash equivalents), long-term invested fund (investment security) at parent company.

3 The way to divide countries and regions and countries and regions belonging to each division

(1) Divisions of countries and regions are based on geographical nearness.

(2) Countries and regions belonging to each division

The Americas………………………The United States, Brazil, Mexico

Europe………………………Germany, United Kingdom, France, Italy, Spain

Asia・Oceania……Singapore, Taiwan, China, Thailand, Korea, Indonesia, Australia, India, Malaysia, Turkey

4 Division's change of countries and regions

At （Note）3, Turkey have included in Europe. However, as to this company group's management division, Turkey is included into Asia・Oceania from current consolidated fiscal year.

This change has almost no effect on segment information.

５ Change in notes related to the preparation of the consolidated financial statements

（Change in tangible fixed assets' depreciation method）

As mentioned at 'Notes related to the preparation of the consolidated financial statements ４ Significant accounting policies （2）Depreciation method ①Tangible fixed assets', from the current consolidation fiscal year, we have changed our depreciation method based on an amendment in corporation tax law (partial amendment in income tax law No.6 on March 30, 2007 and partial amendment in income tax law enforcement order No.83 on March 30, 2007) for the tangible assets acquired on and after April 1, 2007.

The effect of the change is to reduce operating income by 231 million yen.

The effect for segment information is immaterial except for Japan

６ Additional information

As mentioned at 'Notes related to the preparation of the consolidated financial statements ４ Significant accounting policies （2）Depreciation method ①Tangible fixed assets', as for tangible assets acquired on and before March 31, 2007 they are equally depreciated over 5 years from the year after tangible assets are thoroughly depreciated to the limits of depreciable amount.

The effect of the change is to reduce operating income by 204 million yen.

This change has almost no effect on segment information except for Japan.

Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

(Amount: million yen)

	Japan	The Americas	Europe	Asia and Oceania	Total	Eliminations	Consolidated
１ Sales and operating income Net sales							
(1) Sales to third parties	78,036	29,977	45,451	3,738	157,203	—	157,203
(2) Inter-group sales	64,199	993	1,636	1,289	68,119	(68,119)	—
Total	142,236	30,971	47,087	5,027	225,322	(68,119)	157,203
Operating expenses	136,145	29,865	47,032	5,732	218,776	(67,495)	151,280
Operating income	6,090	1,105	54	-704	6,546	(623)	5,922
２ Assets	130,870	15,429	26,693	4,363	177,357	(28,140)	149,216

(Note) 1 All common expenses in operating expenses are assigned to each segment.

2 Elimination and all the group's assets in assets included in all the group's contents are 8,325 million yen. And what is main there is invested assets fund left (Cash and cash equivalents), long-term invested fund (investment security) at parent company.

3 The way to divide countries and regions and countries and regions belonging to each division

(1) Divisions of countries and regions are based on geographical nearness.

(2) Countries and regions belonging to each division

The Americas……………………….The United States, Brazil, Mexico, Canada

Europe……………………….Germany, United Kingdom, France, Italy, Spain

Asia・Oceania……Singapore, Taiwan, China, Thailand, Korea, Indonesia, Australia, India, Malaysia, Turkey

4 Change in notes related to the preparation of the consolidated financial statements

(Accounting Standard for Measurement of Inventories)

As mentioned at 'Notes related to the preparation of the consolidated financial statements 4 Significant accounting policies (1) Valuation methods for assets ②Inventories', Accounting Standard for Measurement of Inventories (Administration of financial accounting standards Article 9 on July 5, 2006) has been applied from the current consolidated fiscal year. This change has almost no effect on profit and loss.

(Application of accounting standard for lease transactions)

As mentioned at 'Changes in rules for preparing consolidated financial statements,' non-cancelable leases not accompanying the transfer of ownership previously had been accounted for as operating leases. However, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 (June 17, 1993 (The First Committee of Business Accounting Council), revised on March 30, 2007)) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 (January 18, 1994 (The Japan Institute of Certified Public Accountants), revised on March 30, 2007)) have been applied from the current consolidated fiscal year. This change has almost no effect on profit and loss.

(Practical Solution on Unification of Accounting Policies applied to Foreign Subsidiaries for Consolidated Financial Statements)

As mentioned at 'Changes in rules for preparing consolidated financial statements,' from the current consolidated fiscal year, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18, May 17, 2006) has been applied, and modifications necessary for the consolidated settlement of accounts are made.

This change has almost no effect on profit and loss.

5　Additional information

As mentioned at ‘Notes related to the preparation of the consolidated financial statements　4　Significant accounting policies　(2) Depreciation method　① Tangible fixed assets except for lease assets,’ the Company and its domestic consolidated subsidiary have changed estimated useful lives of machinery from 10 to 9 years.　This change is the result of adjusting the estimated useful lives to the actual conditions in accordance with the 2008 revision of the Corporation Tax Law of Japan effective April 1, 2008.

As a result, operating income in Japan decreased by 117 million yen for the current consolidated fiscal year compared with the previous method.　The effect of this change was immaterial except for Japan.

ｃ．Overseas sales

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

	The Americas	Europe	Asia and Oceania	Total
I　Overseas sales (million yen)	42,068	58,104	25,371	125,544
II　Consolidated net sales (million yen)	—	—	—	202,260
III　Ratio of overseas sales to consolidated net sales	20.8	28.7	12.6	62.1

(Note)　1　Overseas sales are this company and consolidated subsidiaries’ sales in countries and regions out of Japan.

2　The way to divide countries and regions and countries and regions belonging to each division

(1) Divisions of countries and regions are based on geographical nearness.

(2) Countries and regions belonging to each division

The Americas……………………….The United States, Brazil, Canada, Argentina, Mexico

Europe……………………….Germany, United Kingdom, Italy, France, Spain, Holland, Norway, Sweden, Denmark, Switzerland, Finland, Slovenia, Czech, Hungary, Poland

Asia・Oceania……Singapore, Taiwan, China, Thailand, India, Indonesia, Korea,　Australia, New Zealand, Malaysia, Philippine, Vietnam, Turkey, Israel, Russia

3　Division’s change of countries and regions

At (Note) 2, Turkey had been included in Europe. However, as to the company group’s management division, Turkey is included into Asia・Oceania from the current consolidated fiscal year.

This change has almost no effect on segment information.

Current consolidated fiscal year (April 1, 2008 to March 31, 2009)

	The Americas	Europe	Asia and Oceania	Total
I Overseas sales (million yen)	34,700	46,359	20,938	101,998
II Consolidated net sales (million yen)	—	—	—	157,203
III Ratio of overseas sales to consolidated net sales	22.1	29.5	13.3	64.9

（Note）１ Overseas sales are this company and consolidated subsidiaries' sales in countries and regions out of Japan.

２ The way to divide countries and regions and countries and regions belonging to each division

(1) Divisions of countries and regions are based on geographical nearness.

(2) Countries and regions belonging to each division

The Americas………………………The United States, Brazil, Canada, Argentina, Mexico

Europe………………………Germany, United Kingdom, Italy, France, Spain, Holland, Norway, Sweden, Denmark, Switzerland, Finland, Slovenia, Czech, Hungary, Poland, Austria

Asia・Oceania……Singapore, Taiwan, China, Thailand, India, Indonesia, Korea, Australia, New Zealand, Malaysia, Philippine, Vietnam, Turkey, Israel, Russia

（Transactions with related parties）

Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)

None

The current consolidated fiscal year (April 1, 2008 to March 31, 2009)

(Additional information)

From the current consolidated fiscal year, the Company has applied “Accounting Standard for Related Party Disclosures” (ASBJ PITF No.11, October 17, 2006) and “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No.13, October 17, 2006).

As a result, a transaction between the Company's consolidated subsidiaries and the parties concerned are added.

Transactions with related parties

This company's consolidated subsidiaries, affiliates and so on

Type	Name of a company or a related party	Place	Capital or investment (million yen)	Contents of the business or the occupation	Percentage of the voting rights right (%)	Relationship	Contents of the deal	The amount (million yen)	The Accounts	Balance at the end of the term (million yen)
Subsidiary (unconsolidated)	B.U.G., INC.	Sapporo, Japan	894	Development of software	(Property) Direct 49.9	Commissioned development Interlocking executives	A letter of awareness	650	—	—

(Note) 1． Business conditions and the policy of the business conditions, etc.

The company has provided a bank with the letter of awareness on the bank loans of B.U.G., INC.

2． The company possesses fewer than 50% of the voting rights of B.U.G., INC but has substantial control over B.U.G. INC. Thus, B.U.G. INC is accounted for as the Company's subsidiary.

(Per share information)

Items	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
Net assets per share	1,388.52 yen	1,319.04 yen
Net income /loss (-) per share	165.91 yen	-23.59 yen
Net income per share after deduction of latent stocks	161.99 yen	It is not displayed because it is net loss per share although existing latent stocks.

(Note) Basis of calculation of net income / loss and net income after deduction of latent stocks are as follows.

Items	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
Net income per share		
Net income / (loss) (million yen)	15,975	-2,153
Amount not belonging to common stockholders (million yen)	—	—
Net income / (loss) on common stock (million yen)	15,975	-2,153
Average number of common stocks in the fiscal year (thousand stocks)	96,284	91,280

Items	Previous consolidated fiscal year (April 1, 2007 to March 31, 2008)	Current consolidated fiscal year (April 1, 2008 to March 31, 2009)
Net income per share after deduction of latent stocks		
Adjustment of net income in the current fiscal year (million yen)	—	—
Increase of common stocks (thousand stocks) (Stock option)	2,333 (2,333)	— —
Overview of latent stock, not included in calculation of net income after deduction of latent stock because of un-existing dilution effect	One kind of stock acquisition rights as stock option (the number of the rights: 11,000)	———

(Important subsequent event)

None

5. Unconsolidated

（1） Unconsolidated balance sheet

(Amount: million yen)

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Assets		
Current Assets		
Cash and deposits	12,798	7,610
Notes receivable	1,597	541
Account receivable	※3 34,102	※3 18,780
Finished products	9,906	—
Raw materials	12,457	—
Goods and products	—	9,284
Work in process	6,854	4,910
Supplies	85	—
Row materials and supplies	—	11,733
Deferred income taxes	1,646	622
Income taxes receivable	—	3,226
Consumption tax receivable	357	190
Other receivable	275	72
Short-term loans receivable	※3 5,528	※3 3,750
Forward exchange contracts	—	2,777
Other	2,015	1,471
Allowance for doubtful receivable	-49	-239
Total current assets	87,576	64,731
Fixed assets		
Tangible fixed assets		
Buildings, net	※1 16,647	※1 16,637
Structures, net	※1 806	※1 1,227
Machinery and equipment, net	※1 6,193	※1 5,453
Vehicles, net	※1 59	※1 47

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Tools, furniture and fixtures, net	※1 2,884	※1 2,390
Land	※4 12,186	※4 13,247
Lease assets, net	―	※1 85
Construction in process	633	1,005
Total tangible fixed assets	39,411	40,093
Intangible fixed assets		
Software	2,948	3,322
Software in process	307	1,152
Right of telephone	2	2
Total intangible fixed assets	3,259	4,477
Investments and other assets		
Investments in security	8,499	6,714
Stocks of subsidiaries and affiliates	12,068	12,649
Investments in capital of subsidiaries and affiliates	2,835	2,835
Long-term loans receivable	―	※3 853
Long-term prepaid expenses	382	356
Deferred income taxes	857	―
Other	688	994
Total investments and other assets	25,330	24,404
Total fixed assets	68,002	68,975
Total assets	155,578	133,706
Liabilities		
Current liabilities		
Accounts payable	9,840	2,520
Short-term bank loans	―	※5 9,800
Lease obligation	―	14
Accrued payments	6,289	4,615
Accrued expenses	312	187

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Accrued income taxes	9,799	161
Advances received	814	564
Deposits payable	183	123
Allowance for product warranties	965	497
Allowance for bonuses to directors and corporate auditors	163	—
Forward exchange contracts	1,565	—
Total current liabilities	29,934	18,484
Fixed liabilities		
Convertible bonds with stock acquisition rights	2,583	2,583
Deferred income taxes on land revaluation reserve	※4 1,699	※4 1,699
Lease obligation	—	71
Deferred income taxes	—	578
Total fixed liabilities	4,282	4,931
Total liabilities	34,216	23,416
Net assets		
Shareholders' equity		
Capital	32,698	32,698
Capital surplus		
Capital reserve	45,429	45,429
Total capital surplus	45,429	45,429
Accumulated earning		
Legal reserve of accumulated earning	2,650	2,650
Other accumulated earning		
Reserve for special depreciation	4	—
Reserve for reduction entry of assets	165	159
General reserve	36,600	36,600
Retained earnings	6,127	-1,429

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Total accumulated earning	45,547	37,979
Treasury stock	-4,764	-10,589
Total shareholders' equity	118,910	105,518
Valuation and translation adjustments		
Net unrealized holding gain on securities	1,562	1,202
Net unrealized gain/loss on derivative instruments	-1,026	1,202
Land revaluation reserve	※4 1,545	※4 1,545
Total valuation and translation adjustments	2,081	3,950
Stock acquisition rights	369	821
Total net assets	121,361	110,290
Total liabilities and net assets	155,578	133,706

（２）Statement of income

（Amount: million yen）

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Net sales	※1 175,486	※1 135,784
Cost of sales		
Cost of sales	108,249	94,411
Gross profit	67,237	41,372
Selling, general and administration expenses	※2,3 38,260	※2,3 36,138
Operating income	28,977	5,234
Non-operating income		
Interest income	※1 140	※1 149
Dividend income	217	294
Rental income	5	5
Insurance income	82	25
Other	226	163
Total of non-operating income	672	637
Non-operating expenses		
Exchange loss	2,938	2,654
Fees and commissions	75	142
Loss on redemption of bonds	13	—
Interests payable	—	130
Other	153	75
Total of non-operating expenses	3,181	3,001
Ordinary income	26,469	2,870
Extraordinary gain		
Gain on sales of fixed assets	※4 26	※4 0
Reversal of allowance for doubtful receivables	27	—
Total of extraordinary income	53	0
Extraordinary loss		
Loss on sales of fixed assets	※5 218	—

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Loss on disposal of fixed assets	※6 320	※6 88
Loss on revaluation of investments in securities	541	1,211
Loss on revaluation of stocks of affiliated companies	745	3,483
Loss on revaluation of other investments	―	3
Allowance for doubtful accounts transferred	―	190
Total of extraordinary loss	1,826	4,977
Income before income taxes and minority interests	24,696	-2,106
Income taxes	10,994	44
Income taxes for prior year	253	―
Income taxes deferred	-863	1205
Total of income taxes	10,383	1,249
Net income/loss	14,312	-3,356

(３) Unconsolidated statements of changes in shareholders' equity

(Amount: million yen)

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Shareholders' equity		
Capital		
Balance at the end of the previous fiscal year	32,022	32,698
Changes in the current term		
Issuance of new stocks	676	—
Total changes in the current term	676	—
Balance at the end of the current fiscal year	32,698	32,698
Capital surplus		
Capital reserve		
Balance at the end of the previous fiscal year	44,755	45,429
Changes in the current term		
Issuance of new stocks	674	—
Total changes in the current term	674	—
Balance at the end of the current fiscal year	45,429	45,429
Other capital surplus		
Balance at the end of the previous fiscal year	573	—
Changes in the current term		
Disposal of treasury stock	-163	—
Retirement of treasury stock	-410	—
Total changes in the current term	-573	—
Balance at the end of the current fiscal year	—	—
Total capital surplus		
Balance at the end of the previous fiscal year	45,328	45,429
Changes in the current term		
Issuance of new stocks	674	—
Disposal of treasury stock	-163	—

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Retirement of treasury stock	-410	—
Total changes in the current term	100	—
Balance at the end of the current fiscal year	45,429	45,429
Accumulated earnings		
Legal reserve of accumulated earnings		
Balance at the end of the previous fiscal year	2,650	2,650
Changes in the current term		
Total changes in the current term	—	—
Balance at the end of the current fiscal year	2,650	2,650
Other accumulated earnings		
Reserve for special depreciation		
Balance at the end of the previous fiscal year	22	4
Changes in the current term		
Cancellation of reserving special depreciation	-17	-4
Total changes in the current term	-17	-4
Balance at the end of the current fiscal year	4	—
Compressed assets reserve fund		
Balance at the end of the previous fiscal year	171	165
Changes in the current term		
Cancellation of compressed assets reserve fund	-5	-5
Total changes in the current term	-5	-5
Balance at the end of the current fiscal year	165	159
Special reserve fund		
Balance at the end of the previous fiscal year	32,600	36,600
Changes in the current term		
Reserving special reserve fund	4,000	—
Total changes in the current term	4,000	—
Balance at the end of the current fiscal year	36,600	36,600

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Deferred legal reserve of accumulated earnings		
Balance at the end of the previous fiscal year	8,808	6,127
Changes in the current term		
Cancellation of reserving special depreciation	17	4
Cancellation of compressed assets reserve fund	5	5
Dividend	-2,305	-2,344
Interim dividend	-2,436	-1,828
Reserving special reserve fund	-4,000	—
Net profit/loss	14,312	-3,356
Disposal of treasury stock	—	-37
Retirement of treasury stock	-8,276	—
Total changes in the current term	-2,681	-7,557
Balance at the end of the current fiscal year	6,127	-1,429
Total accumulated earnings		
Balance at the end of the previous fiscal year	44,252	45,547
Changes in the current term		
Dividend	-2,305	-2,344
Interim dividend	-2,436	-1,828
Net profit/loss	14,312	-3,356
Disposal of treasury stock	—	-37
Retirement of treasury stock	-8,276	—
Total changes in the current term	1,294	-7,567
Balance at the end of the current fiscal year	45,547	37,979
Treasury stock		
Balance at the end of the previous fiscal year	-5,366	-4,764
Changes in the current term		

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Purchases of treasury stock	-10,291	-5,932
Disposal of treasury stock	2,205	108
Retirement of treasury stock	8,687	—
Total changes in the current term	601	-5,824
Balance at the end of the current fiscal year	-4,764	-10,589
Total shareholder’s equity		
Balance at the end of the previous fiscal year	116,238	118,910
Changes in the current term		
Issuance of new stocks	1,350	—
Dividend	-2,305	-2,344
Interim dividend	-2,436	-1,828
Net profit/loss	14,312	-3,356
Purchases of treasury stock	-10,291	-5,932
Disposal of treasury stock	2,042	71
Total changes in the current term	2,672	-13,391
Balance at the end of the current fiscal year	118,910	105,518
Valuation and translation adjustments		
Net unrealized holding gain on securities		
Balance at the end of the previous fiscal year	4,530	1,562
Changes in the current term		
Net changes of items other than shareholders’ equity	-2,968	-359
Total changes in the current term	-2,968	-359
Balance at the end of the current fiscal year	1,562	1,202
Net unrealized loss on derivative instruments		

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Balance at the end of the previous fiscal year	-1,341	-1,026
Changes in the current term		
Net changes of items other than shareholders' equity	314	2,229
Total changes in the current term	314	2,229
Balance at the end of the current fiscal year	-1,026	1,202
Land revaluation reserve		
Balance at the end of the previous fiscal year	1,545	1,545
Changes in the current term		
Net changes of items other than shareholders' equity	—	—
Total changes in the current term	—	—
Balance at the end of the current fiscal year	1,545	1,545
Total valuation and translation adjustments		
Balance at the end of the previous fiscal year	4,734	2,081
Changes in the current term		
Net changes of items other than shareholders' equity	-2,653	1,869
Total changes in the current term	-2,653	1,869
Balance at the end of the current fiscal year	2,081	3,950
Stock acquisition rights		
Balance at the end of the previous fiscal year	—	369
Changes in the current term		
Net changes of items other than shareholders' equity	369	451
Total changes in the current term	369	451
Balance at the end of the current fiscal year	369	821
Total net profit		

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
Balance at the end of the previous fiscal year	120,972	121,361
Changes in the current term		
Issuance of new stocks	1,350	—
Dividend	-2,305	-2,344
Interim dividend	-2,436	-1,828
Net profit/loss	14,312	-3,356
Purchases of treasury stock	-10,291	-5,932
Disposal of treasury stock	2,042	71
Net changes of items other than shareholders' equity	-2,283	2,321
Total changes in the current term	388	-11,070
Balance at the end of the current fiscal year	121,361	110,290

Situation or problems with significant doubt for premise of going concern

None

Accounting policies

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
1 Securities	(1) Other investments in securities Marketable securities: Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving average method. Non-marketable securities: Non-marketable securities classified as other securities are carried at cost determined by the moving average method. Investments in investment limited partnerships, accounted as for security by article 2 clause 2 of Financial Investment and Exchange Law, are stated at the net value of equities based on the most recent financial statements available prepared according to the financial reporting dates specified in the respective partnership agreements. (2) Stocks of subsidiaries and affiliates Stated at cost determined by the moving average method	(1) Other investments in securities Unchanged. Unchanged. (2) Stocks of subsidiaries and affiliates Unchanged.
2 Net liabilities resulting from derivatives	Stated at fair value.	Unchanged.
3 Inventories	Products and work in process・・・ Stated principally at cost determined by	Products and work in process・・・ Stated principally at cost determined principally

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
	the average method at the Company. Raw material・・・ Stated at the cost method with the moving average. Supplies・・・ Stated at the last purchase price method.	by the average method after writing down the book value due to the decline in profitability. (The value to be carried on the balance is calculated by the write-down of book value due to the decline in profitability) Raw material・・・ Stated at cost determined by the moving average method after writing down the book value due to the decline in profitability. (The value to be carried on the balance is calculated by the write-down of book value due to the decline in profitability) Supplies・・・ Stated at cost determined by the last purchase price method after writing down the book value due to the decline in profitability. (The value to be carried on the balance is calculated by the write-down of book value due to the decline in profitability)

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
４．Depreciation method ① Tangible fixed assets except for lease assets	The declining balance method: Buildings acquired on or subsequent to April 1, 1998, are calculated by the declining balance method over the estimated useful lives of the respective assets. Buildings and structures: 8-50 years Machinery, equipment and vehicles: 2-17 years (Change in accounting policies) From the current fiscal year, We have	Appraised at the declining balance method Buildings acquired after April 1, 1998 (excluding fittings) are appraised at the straight line method. Durable years are below; Buildings and structures: 8-50 years Machinery, equipment and vehicles: 2-17 years ―――

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
	changed our depreciation method based on an amendment in corporation tax law (partial amendment in income tax law No.6 on March 30, 2007 and partial amendment in income tax law enforcement order No.83 on March 30, 2007) for the tangible assets acquired on and after April 1, 2007. The effect of the change is to reduce gross profit by 209 million yen, and operating income, ordinary income and net income before taxes by 229 million yen.	
	(Additional information) As for tangible assets acquired on and before March 31, 2007 are equally depreciated over 5 years from the year after tangible assets are thoroughly depreciated to the limits of depreciable amount. The effect of the change is to reduce gross profit by 199 million yen, and operating income, ordinary income and net income before taxes by 204 million yen. ———	——— (Additional information) The Company havs changed estimated useful lives of machinery from 10 to 9 years. This change is the result of adjusting the estimated useful lives to the actual conditions in accordance with the 2008 revision of the Corporation Tax Law of Japan effective April 1, 2008. The effect of the change is to reduce gross profit by 110 million yen, and operating income, ordinary income and net income before taxes by 115 million yen.
② Tangible fixed asset except for lease assets	Straight line method Software for sale is depreciated for anticipated sales term (three years) and	Unchanged.

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
	software for internal-using is depreciated for anticipated usable term (five years).	

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
③ Lease assets	―――	Calculated by the straight-line method over the respective lease terms assuming a nil residual value. Non-cancelable leases of the Company and its domestic consolidated subsidiaries, whose transactions have been started on or before March 31, 2008 are still accounted for as operating leases.
5 Allowance ① Allowance for doubtful receivables	 To prepare for credit losses, determine allowance for doubtful accounts based on the default ratio for non-specific credit and on individual collectability.	 Unchanged.
② Allowance for product warranty	To prepare for expenditure for product reparation in the warrantee period, determine provision for product warranty based on the ratio of expenditure to sales.	Unchanged.
③ Allowance for bonuses to directors and corporate auditors	To appropriate to bonus for directors, determine based on the anticipated amount for appropriation.	To appropriate to bonus for directors, determine based on the anticipated amount for appropriation. There is none of this allowance in the current fiscal year.
6 Lease accounting	Non-cancelable leases in the Company and its domestic consolidated subsidiaries are classified as operating or finance leases, except that leases which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.	―――
7 Hedge accounting		

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
(1) Hedge accounting	Deferral hedge accounting is adopted for derivatives which qualify as hedges, under which unrealized gain or loss is deferred.	Unchanged
(2) Hedging instruments and hedge items	Item for hedge accounting: Hedging instruments…Forward foreign exchange contracts Hedging items…Hedging items are primarily forecast transactions dominated in foreign currencies.	Unchanged.
(3) Hedging policy	To avoid the risk arising from fluctuation in foreign currency exchange rates, the Company enters into forward foreign exchange contracts. The Company utilizisess these derivatives as hedges to reduce the inherent risk to its assets and liabilities.	Unchanged.
(4) Assessing of hedge effectiveness	The effectiveness is assessed by comparing accumulated fluctuations of hedging instruments with those of hedging items.	Unchanged.
8 Other information for financial statement Consumption tax	Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.	Unchanged.

Changes in rules for preparing financial statements

Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
―――	(Accounting standard for lease transactions) Non-cancelable leases not accompanying the transfer of ownership previously had been accounted for as operating leases. However, the "Accounting Standard

Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
	for Lease Transactions" (ASBJ Statement No. 13 (June 17, 1993 (The First Committee of Business Accounting Council), revised on March 30, 2007)) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 (January 18, 1994 (The Japan Institute of Certified Public Accountants), revised on March 30, 2007)) have been applied from the current consolidated fiscal year. Therefore, non-cancelable leases have been accounted for as finance leases. However, non-cancelable leases of the Company whose transaction has been started on or before March 31, 2008 are still accounted for as operating leases. This change has almost no effect on profit and loss.

Change of expression

Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
（Income statement） Insurance income had been included in "Others" for the previous fiscal year. However, it has been shown separately since the current fiscal year because the total amount exceeds one tenth of the total amount of non-operating income. Insurance income in the previous year was 30 million yen.	(Balance sheet) With applying the ministerial ordinance of Cabinet Office for modification the part of financial statement regulation, what was classified as 'inventories' at the previous fiscal year comes to be classified as 'goods and products', 'work in process' and 'raw materials and supplies' from current fiscal year. And 'goods and products', 'work in process' and 'raw materials and supplies' included in inventories at the previous fiscal year are respectively 9,284 million yen, 11,591 million yen, 141 million yen.

Note

(Balance sheet)

Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
※1 Accumulated depreciation for tangible fixed assets 66,373 million yen	※1 Accumulated depreciation for tangible fixed assets 70,651 million yen
2 Guaranty of liabilities	2 Guaranty of liabilities
Guaranty of liabilities for customer paying lease fee (Komatsuki Co, Ltd. and other 375 cases) 2,339 million yen	1) Guaranty of liabilities for customer paying lease fee (Komatsuki Co, Ltd. and other 356 cases) 1,962 million yen
	2) The company has provided a bank with the letter of awareness on the bank loans of its unconsolidated subsidiary. B.U.G., INC. 650 Million yen
※3 Notes: related to associated companies. Accounts receivable 20,573 million yen Short-term loan 5,528 million yen	※3 Notes: related to associated companies. Accounts receivable 12,578 million yen Short-term loan 3,750 million yen Long-term loan 853 million yen
※4 The Company revalued its land for operational usage in accordance with the laws on land revaluation. The resulting revaluation difference, net of the applicable tax effect on revaluation gain, has been stated as a component of shareholders' equity, 'reserve for land revaluation', and the applicable tax effect has been included in 'deferred income taxes on reserve for land revaluation'. As a result, 1,699 million yen is included as part of liabilities and, and a negative 1,545 million yen in shareholders' equity.	※4 The Company revalued its land for operational usage in accordance with the laws on land revaluation. The resulting revaluation difference, net of the applicable tax effect on revaluation gain, has been stated as a component of shareholders' equity, 'reserve for land revaluation', and the applicable tax effect has been included in 'deferred income taxes on reserve for land revaluation'. As a result, 1,699 million yen is included as part of liabilities and, and a negative 1,545 million yen in shareholders' equity.
① Method of revaluating The value of the land is calculated in accordance with the laws on land revaluation, and adjusted appropriately.	① Method of revaluating The value of the land is calculated in accordance with the laws on land revaluation, and adjusted appropriately.
② Date of revaluation 31 March, 2001	② Date of revaluation 31 March, 2001
③ Difference between fair -2,661 million yen	③ Difference between fair -2,605 million yen

Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
value at the end of the term and the book	value at the end of the term and the book
※5 Line-of-credit agreements For effective financing purposes, the Company concluded line-of-credit agreements with three banks and the status of these at the end of the current fiscal year is summarized as follows. Lines of credit 40,000 million yen Short-term loans utilized — Available credit 40,000 million yen	※5 Line-of-credit agreements For effective financing purposes, the Company concluded line-of-credit agreements with three banks and the status of these at the end of the current fiscal year is summarized as follows. Lines of credit 45,000 million yen Short-term loans utilized 9,800 million yen Available credit 35,200 million yen
―――	※6 Commitment line-of-credit agreements For effective financing purposes the Company concluded committed line-of credit agreements with twenty two banks and the status of such agreements at the end of the current fiscal year is summarized as follows. Committed lines of credit 30,000 million yen Short-term loans utilized — Available credit 30,000 million yen

(Statement of profit and loss)

Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
※1 Transactions with affiliates Transactions included in each accounts, about affiliates is below. Sales 99,701 million yen Interest income 101 million yen ※2 Selling expenses and general administrative expenses broke down in a ratio of approximately 64.6% to 35.4%. The major items are detailed below. Freight 8,201 million yen Commissions 1,582 million yen	※1 Transactions with affiliates Transactions included in each accounts, about affiliates is below. Sales 65,043 million yen Interest income 146 million yen ※2 Selling expenses and general administrative expenses broke down in a ratio of approximately 64.8% to 35.2%. The major items are detailed below. Freight 6,610 million yen Commissions 1,540 million yen

Previous fiscal year (April 1, 2007 to March 31, 2008)			Current fiscal year (April 1, 2008 to March 31, 2009)		
	Sales commissions	1,862 million yen		Sales commissions	2,016 million yen
	Sales promotion expenses	3,448 million yen		Sales promotion expenses	2,723 million yen
	Salaries and bonuses	6,530 million yen		Salaries and bonuses	6,462 million yen
	Retirement benefits	323 million yen		Retirement benefits	338 million yen
	Depreciation	1,067 million yen		Depreciation	1,232 million yen
	Represent goodwill amortization	400 million yen		Fees and commissions	2,933 million yen
	Fees and commissions	3,523 million yen		Warranty Reserve	-468 million yen
	Addition to allowance for bonuses to directors and statutory auditors	163 million yen		Research and development expenditures	5,786 million yen
	Warranty Reserve	596 million yen			
	Research and development expenditures	4,303 million yen			
※3	Total research and development expenses (general administrative expenses)	4,303 million yen	※3	Total research and development expenses (general administrative expenses)	5,786 million yen
※4	Gain on sale of fixed assets (breakdown)		※4	Gain on sale of fixed assets (breakdown)	
	Machinery and equipment	21 million yen		Machinery and equipment	0 million yen
	Vehicles	3 million yen		Total	0 million yen
	Tools, instruments and furniture	0 million yen			
	Software	0 million yen			
	Total	26 million yen			
※5	Loss on sale of fixed assets (breakdown)			———	
	Land	207 million yen			
	Machinery and equipment	11 million yen			
	Total	218 million yen			

Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
※6 Loss on disposal of fixed assets (breakdown) Buildings 110 million yen Structures 11 million yen Machinery and equipment 50 million yen Tools, instruments and furniture 100 million yen Vehicles 0 million yen Software 46 million yen Total 320 million yen	※6 Loss on disposal of fixed assets (breakdown) Buildings 60 million yen Structures 5 million yen Machinery and equipment 4 million yen Furniture and equipment 17 million yen Vehicles 0 million yen Total 88 million yen

（Statement of changes in Shareholders' equity）

Previous fiscal year (April 1, 2007 to March 31, 2008)

Treasury stock

Classes of stocks	Previous fiscal year-end	Increase	Decrease	Current fiscal year-end
Common stock (Share)	4,314,270	4,907,064	6,545,107	2,676,227

（Overview of changes）

The significant reason of increase is as follows;

Increase by purchases of treasury stock resulting from a resolution of board of directors 4,903,400 shares

Increase by purchases of the stocks less than unit 3,664 shares

The significant reasons of decrease are as follows;

Decrease by sales of treasury stock 4,879,300 shares

Exercise of share warrant 1,665,500 shares

Decrease by purchase increase claim of the stocks of less than unit 307 shares

Current fiscal year (April 1, 2008 to March 31, 2009)

Treasury stock

Classes of stocks	Previous fiscal year-end	Increase	Decrease	Current fiscal year-end
Common stock (Share)	2,676,227	5,291,165	61,105	7,906,287

（Overview of changes）

The significant reason of increase is as follows;

Increase by purchases of treasury stock resulting from a resolution of board of directors 5,287,500 shares

Increase by purchases of the stocks less than unit 3,665 shares

The significant reasons of decrease are as follows;

Exercise of share warrant 60,500 shares

Decrease by purchase increase claim of the stocks of less than unit 605 shares

(Lease accounting)

<table>
<tr><th></th><th>Previous fiscal year
(April 1, 2007 to March 31, 2008)</th><th>Current fiscal year
(April 1, 2008 to March 31, 2009)</th></tr>
<tr><td>Borrower
1 Finance leases not accompanying the transfer of ownership</td><td>———</td><td>Finance leases not accompanying the transfer of ownership starting on or before March 31, 2008 are accounted for as operating leases. The contents are following.</td></tr>
<tr><td>(1) Acquisition costs, accumulated depreciation and book value at the end of the current fiscal year</td><td><table>
<tr><th></th><th>Acquisition price equivalent (million yen)</th><th>Cumulative depreciation equivalent (million yen)</th><th>Year end balance equivalent (million yen)</th></tr>
<tr><td>Machinery and equipment</td><td>8,450</td><td>3,329</td><td>5,121</td></tr>
<tr><td>Vehicles</td><td>47</td><td>15</td><td>31</td></tr>
<tr><td>Tools, instruments and furniture</td><td>249</td><td>90</td><td>158</td></tr>
<tr><td>Total</td><td>8,747</td><td>3,436</td><td>5,311</td></tr>
</table></td><td><table>
<tr><th></th><th>Acquisition price equivalent (million yen)</th><th>Cumulative depreciation equivalent (million yen)</th><th>Year end balance equivalent (million yen)</th></tr>
<tr><td>Machinery and equipment</td><td>7,204</td><td>3,319</td><td>3,885</td></tr>
<tr><td>Vehicles</td><td>36</td><td>14</td><td>22</td></tr>
<tr><td>Tools, instruments and furniture</td><td>216</td><td>103</td><td>113</td></tr>
<tr><td>Total</td><td>7,457</td><td>3,437</td><td>4,020</td></tr>
</table></td></tr>
<tr><td>(2) Remaining lease payments subsequent to the current fiscal year</td><td>Less than one year 1,302 million yen
More than one year 4,102 million yen
Total 5,405 million yen</td><td>Less than one year 1,235 million yen
More than one year 2,980 million yen
Total 4,143 million yen</td></tr>
<tr><td>(3) Lease payments made, depreciation and interest expense</td><td>Lease payments 1,621 million yen
Depreciation equivalent 1,518 million yen
The amount of payment interest equivalency 143 million yen</td><td>Lease payments 1,430 million yen
Depreciation equivalent 1,331 million yen
The amount of Payment interest equivalency 115 million yen</td></tr>
<tr><td>(4) Depreciation</td><td>Calculated by the straight-line method over the respective lease terms assuming that a nil residual value is zero.</td><td>Unchanged.</td></tr>
<tr><td>(5) Interest expense</td><td>Calculated by the difference between total of lease payments and acquisition cost which is allocated by interest</td><td>Unchanged.</td></tr>
</table>

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
	method.	
2 Operating leases Remaining lease payments subsequent to the current fiscal year	Less than one year 638 million yen More than one year 8,706 million yen Total 9,344 million yen	Less than one year 728 million yen More than one year 8,354 million yen Total 9,082 million yen

(Securities)

Stocks in subsidiaries or affiliated companies with fair value

	Previous fiscal year (April 1, 2007 to March 31, 2008)			Current fiscal year (April 1, 2008 to March 31, 2009)		
	Balance sheet value	Fair value (million yen)	Balance (million yen)	Balance sheet value	Fair value (million yen)	Balance (million yen)
Stocks of subsidiaries	433	1,792	1,359	433	968	534

(Tax-effect accounting)

	Previous fiscal year (March 31, 2008)	Current fiscal year (March 31, 2009)
1 Significant components of deferred tax assets and liabilities	(1) Current Deferred tax assets: Inventories 406 million yen Accrued enterprise taxes 749 million yen Allowance of product warranty 390 million yen Other 99 million yen Deferred tax assets, net 1,646 million yen	(1) Current Deferred tax assets: Inventories 554 million yen Allowance of product warranties 201 million yen Other 83 million yen Total of deferred tax assets 839 million yen Deferred tax liabilities Accrued enterprise taxes 216 million yen Total of deferred tax liabilities 216 million yen Deferred tax assets, net 622 million yen

	Previous fiscal year (March 31, 2008)		Current fiscal year (March 31, 2009)	
	(2) Non-current		(2) Non-current	
	Deferred tax liabilities:		Deferred tax assets:	
	Reserve for special depreciation	3 million yen	Loss on devaluation of securities for investment	1,254 million yen
	Reserve for compression of assets	112 million yen	Loss on devaluation of stocks of affiliated company	2,010 million yen
	Unrealized holding gain on securities	443 million yen	Inventories	402 million yen
	Other	0 million yen	Allowance for doubtful receivables	95 million yen
	Deferred tax liabilities, net	559 million yen	Depreciation	413 million yen
	Deferred tax assets:		One-time write-off applied to assets	73 million yen
	Loss on devaluation of securities for investment	1,248 million yen	Other	110 million yen
	Loss on devaluation of stocks of affiliated company	600 million yen	Subtotal deferred tax assets	4,361 million yen
	Inventories	378 million yen	Valuation allowance	-3,830 million yen
	Allowance for doubtful receivables	14 million yen	Total deferred tax assets	530 million yen
	Unrealized loss on derivative instruments	698 million yen	Deferred tax liabilities:	
	Depreciation	514 million yen	Reserve for compression of assets	108 million yen
	One-time write-off applied to assets	178 million yen	Unrealized holding gain on securities	181 million yen
	Other	90 million yen	Unrealized gain on derivative instruments	818 million yen
		3,725 million yen	Deferred tax liabilities, net	1,108 million yen
	Valuation allowance	-2,308 million yen	Deferred tax liabilities, net	578 million yen
		1,417 million yen	Deferred tax liabilities on land revaluation reserve	1,699 million yen
	Deferred tax assets, net	857 million yen		
	Deferred tax liabilities on land revaluation reserve	1,699 million yen		

	Previous fiscal year (March 31, 2008)		Current fiscal year (March 31, 2009)
2 Reconciliation of the differences between the statutory tax rate and the effective tax rates	Statutory tax rate	40.49%	Omitted because it is net loss before income taxes for the current fiscal year
	Increase (decrease) in income taxes resulting from:		
	Permanent non-deductible expenses	1.00%	
	Tax credit	-1.71%	
	Permanently non-taxable income	-0.21%	
	Per capita portion of inhabitants' taxes	0.23%	
	Adjustment of the income taxes in the prior year	0.23%	
	Reversal of valuation allowance	2.31%	
	Other	-0.29%	
	Effective tax rates	42.05%	

(Per share information)

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
Net assets per share	1,289.90 yen	1,235.98 yen
Net income /loss per share	148.62 yen	-36.76 yen
Net income per share after deduction of latent stocks	145.11 yen	It is not displayed because it is net loss per share although existing latent stocks.

(Note) Basis of calculation of net income / loss and net income after deduction of latent stocks are below;

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
Net income / loss per share		
Net income / loss (million yen)	14,312	-3,356
Amount not belonging to common stockholders (million yen)	—	—
Net income / loss on common stock (million	14,312	-3,356

	Previous fiscal year (April 1, 2007 to March 31, 2008)	Current fiscal year (April 1, 2008 to March 31, 2009)
yen)		
Average number of common stocks in the fiscal year (thousand stocks)	96,304	91,299
Net income per share after deduction of latent stocks		
Adjustment of net income in the current fiscal year (million yen)	—	—
Increase of common stocks (thousand stocks) (Stock option)	2,333 (2,333)	— —
Overview of latent stock, not included in calculation of net income after deduction of latent stock because of un-existing dilution effect	One kind of stock acquisition rights as stock option (the number of the rights11,000)	———

（Important things after the end of fiscal year）

None

６．Other

Changes in directors

（１）Change in representative directors

None

（２）Other changes

１．The new standing statutory director candidate (scheduled on June 17, 2009)

Senior executive managing director	Tatsuo Kondo	(Senior executive operating director now)

２．The directors to retire (scheduled on June 17, 2009)

Senior executive managing director	Koji Okura	(Planed to be a senior executive operating director)
Managing director	Hiraku Nakata	(Planed to be a executive operating director)
Managing director	Morikuni Uchigasaki	(Planed to be a executive operating director)
Managing director	Makoto Fujishima	(Planed to be a operating director)
Director	Hisao Sato	(Planed to be a executive operating director)
Director	Tadashi Saito	(Planed to be a operating director)
Director	Yasunori Hamabe	(Planed to be a operating director)
Director	Norihide Maeda	(Planed to be a operating director)
Director	Toyohumi Nishio	(Planed to be a operating director)
Director	Takahiro Kobi	(Planed to be a operating director)
Director	Yoshiaki Sugimoto	(Planed to be a operating director)

３．The auditors to retire (scheduled on June 17, 2009)

Statutory auditor	Kyoji Umeoka
Auditor	Takashi Nakanishi

(Note) The auditor, Takashi Nakanishi, is an external auditor regulated in the Commercial Low article 2 clause 16.

４．The executive directors to promote (scheduled on May 7, 2009)

Executive operating director	Toru Fujimori	(Operating director now)

５．The new executive director (scheduled on May 7, 2009)

Operating director	Hikaru Ishigaki	(General Manager at NT department now)