

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

Company name: EBARA-UDYLITE CO., LTD. Listing: Tokyo Stock Exchange, First Section
 Stock code: 4975 URL: <http://www.eu.ebara.com/>
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 Scheduled date of Annual General Meeting of Shareholders: June 26, 2009
 Scheduled date of filing Annual Securities Report: June 29, 2009
 Scheduled date of payment of dividend: June 11, 2009

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 – March 31, 2009)

(1) Consolidated results of operations

(Percentages shown for sales, operating income, ordinary income and net income represent year-over-year changes)

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/09	10,788	5.3	543	(20.9)	320	(48.9)	2	(99.2)
FY3/08	10,244	5.9	687	(32.9)	627	(37.8)	291	(68.0)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on sales
	Yen	Yen	%	%	%
FY3/09	0.77	0.76	0.1	3.0	5.0
FY3/08	90.79	89.85	5.5	6.2	6.7

Reference: Equity in earnings of affiliates (million yen) FY3/09: 0 FY3/08: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2009	10,797	4,360	40.2	1,403.85
As of Mar. 31, 2008	10,851	5,319	48.7	1,643.38

Reference: Shareholders' equity (million yen): Mar. 31, 2009: 4,342 Mar. 31, 2008: 5,289

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/09	1,441	(766)	154	2,496
FY3/08	382	(1,251)	1,078	1,855

2. Dividends

(Record date)	Dividend per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Yearend	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/08	-	30.00	-	30.00	60.00	193	66.1	3.7
FY3/09	-	30.00	-	27.00	57.00	175	7,448.6	3.7
FY3/10 (forecasts)	-	27.00	-	27.00	54.00		2,389.4	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

(Percentages represent year-over-year changes)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,465	(22.8)	(154)	-	(170)	-	(119)	-	(38.47)
Full year	9,069	(15.9)	74	(86.4)	40	(87.5)	7	190.7	2.26

4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

Note: Please refer to "Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements" on page 25 for further information.

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at end of period (including treasury stock):

Mar. 31, 2009: 3,250,500 shares Mar. 31, 2008: 3,218,500 shares

2) Number of treasury stock at end of period:

Mar. 31, 2009: 157,237 shares Mar. 31, 2008: 100 shares

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 – March 31, 2009)**

(1) Non-consolidated results of operations

(Percentages represent year-over-year changes)

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/09	8,721	(10.2)	149	(77.8)	78	(87.1)	(118)	-
FY3/08	9,708	2.5	671	(35.5)	608	(39.6)	266	(70.8)

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/09	(37.58)	-
FY3/08	82.95	82.10

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2009	10,271	4,475	43.6	1,446.91
As of Mar. 31, 2008	10,623	5,206	49.0	1,617.60

Reference: Shareholders' equity (million yen): Mar. 31, 2009: 4,475 Mar. 31, 2008: 5,206

*** Cautionary statement with respect to forward-looking statements**

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ substantially from these forecasts for a number of reasons.

1. Business Results

(1) Analysis of business results

The Japanese economy for the fiscal year under review remained relatively strong during the first half despite the concern over the subprime mortgage crisis. However, it was then plunged into recession due to the turmoil in the world economy following the bankruptcy of the major U.S. investment bank, along with the surge in yen's value against other currencies. Among other economies in the world, developed economies have experienced the same level of sharp downturn that has been seen in Japan, while emerging economies including China have suffered from a slowdown of the growth rate.

The automotive industry as a whole, which is one of the major customer groups for the Group (consisting of the Company and its consolidated subsidiaries), was forced to implement a major adjustment of the inventory level to cope with a sharp drop in the market demand both home and abroad, resulting in the unprecedented plunge in the industry-wide production volume. The electronics industry also suffered in the second half of the fiscal year from a sharp decline in the demand for products such as personal computers, flat-panel TVs and cellular phones.

Against this backdrop, the Group sales for the fiscal year under review amounted to 10,788 million yen (up 5.3% year over year) as the continued growth in overseas sales more than offset the year-over-year decrease in domestic sales. In terms of profitability, the Group operating income amounted to 543 million yen (down 20.9% year over year) as a result of relatively strong performance of the consolidated subsidiaries in China, Taiwan and South Korea that partly offset the large year-over-year decline in operating income on a non-consolidated basis, while the Group ordinary income amounted to 320 million yen (down 48.9% year over year) mainly due to foreign exchange loss of 194 million yen; and the Group net income amounted to 2 million yen (down 99.2% year over year) mainly due to loss on valuation of investment securities of 178 million yen.

The segment performances by business type are described as follows.

Please be noted that, in order to ensure comparability, segments by business type for the previous fiscal year have been reclassified to accommodate the change of segmentation that was made during the fiscal year under review.

a. Chemicals related material business

Regarding the performance of the chemicals related material business segment, overall sales remained relatively unchanged while operating income decreased year over year as the strong sales in China and other overseas markets in the first half of the fiscal year offset the sluggish domestic sales due to reduction in production volume by both of the automotive and electronics industries that was made in the second half.

Consequently, sales and operating income of the segment amounted to 8,150 million yen (up 0.8% year over year) and 1,296 million yen (down 16.3% year over year), respectively.

b. Machine business

Regarding the performance of the machine business segment, overall sales amounted to 2,584 million yen (up 21.8% year over year) and operating income 161 million yen (up 2,152.1% year over year) mainly because of successfully expanding sales of plating machines for both the domestic and overseas markets.

c. Dry process business

As for the performance of the dry process business segment, which has started being presented separately since the fiscal year under review, sales amounted to 53 million yen (up 13.0% year over year) while operating loss amounted to 170 million yen (as compared to operating loss of 107 million yen for the previous fiscal year) as our effort to expand sales of the products such as plasma surface treatment machines and plating solution controllers was not effective enough to achieve the initial sales target mainly due to the economic downturn and the resulting reduction in capital expenditures of our customers.

The segment performances by location are described as follows.

a. Japan

In the domestic market, sluggish sales of chemicals were partly offset by solid sales of machines to achieve overall sales of 8,721 million yen (down 3.4% year over year) and operating income of 893 million yen (down 34.7% year over year).

b. Asia

Sales and operating income from the Asian market amounted to 3,068 million yen (up 53.3% year over year) and 377 million yen (up 127.1% year over year), respectively due to the strong demand for chemicals in China, Taiwan and South Korea and for machines in Thailand.

c. Other

Sales of a subsidiary in Mexico amounted to 287 million yen (up 33.8% year over year), while operating income was 1 million yen (as compared to operating loss of 26 million yen for the previous fiscal year).

The prospect for the new fiscal year is described as follows.

While some signs of demand recovery are observed in China and other Asian economies, there remains considerable uncertainty over the timing of the economic recovery in Japan and therefore we should expect the current challenging economic environment to continue for the foreseeable future. Given this situation, we will strive to ensure as much profit as possible through further reduction in costs and selling and administrative expenses, while increasing sales through exploring more market opportunities for newly developed products.

(2) Analysis of financial position

a. Assets, liabilities and net assets

Total assets at the end of the current fiscal year decreased by 54 million yen year over year to 10,797 million yen.

Current assets decreased by 103 million yen year over year to 6,437 million yen, although there were increases in cash and deposits of 640 million yen, inventories of 175 million yen and other factors, there was a decrease in trade receivables of 1,009 million yen.

Fixed assets increased by 49 million yen year over year to 4,360 million yen, which can be explained mainly by a decrease in depreciation expense of 37 million yen with a resulting balance of 3,102 million yen in the property, plant and equipment section and a 47 million yen increase in deferred tax assets with a resulting balance of 1,191 million yen in the investments and other assets section.

Current liabilities increased by 521 million yen year over year to 4,174 million yen mainly due to a 231 million yen increase in loans payable and a 368 million yen increase in advances received on machine sales contract.

Long-term liabilities increased by 383 million yen year over year to 2,261 million yen mainly due to a 418 million yen increase in long-term loans payable.

Net assets decreased by 958 million yen year over year to 4,360 million yen, which was explained mainly by a 345 million yen decrease in payment for purchase of treasury stock, and a 336 million yen decrease in foreign currency translation adjustments.

b. Cash flows

Cash and cash equivalents for the current fiscal year increased by 641 million yen (up 210.2% year over year) to 2,496 million yen (up 34.6% year over year) at the end of the current fiscal year.

The details of cash flows from each activity category and reasons for the increase or decrease are described as follows.

(Cash flows from operating activities)

Net cash and cash equivalents provided by operating activities amounted to 1,441 million yen (up 277.0% year over year). This result can be explained mainly by a 310 million yen increase in inventories, which were more than offset by reporting of 135 million yen income before income taxes and minority interests, 337 million yen depreciation expense, a 833 million yen decrease in trade receivables, a 372 million yen increase in advances received, and a 200 million yen increase in trade payables.

(Cash flows from investing activities)

Net cash and cash equivalents used in investing activities amounted to 766 million yen (down 38.7% year over year). This result can be explained mainly by 284 million yen payment for acquisition of property, plant and equipment, and 345 million yen payment for acquisition of investment securities.

(Cash flows from financing activities)

Net cash and cash equivalents provided by financing activities amounted to 154 million yen (down 85.7% year over year). This result can be explained mainly by a 355 million yen increase in short-term loans payable, a 1,000 million yen proceeds from long-term loans payable, a 681 million yen repayment of long-term loans payable, a 345 million yen payment for purchase of treasury stock, and cash dividends paid of 187 million yen.

(Reference) Cash flow indicators

	FY3/06	FY3/07	FY3/08	FY3/09
Shareholders' equity ratio (%)	48.8	54.9	48.7	40.2
Shareholders' equity ratio based on market value (%)	205.9	107.0	59.3	45.6
Interest-bearing debt to cash flow ratio (%)	104.0	134.8	568.0	195.9
Interest coverage ratio (times)	43.4	42.1	9.5	28.9

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

Notes: 1. All indices are calculated based on consolidated figures.

2. Market capitalization are calculated based on the number of shares outstanding (excluding treasury stock)

3. Cash flows are calculated using the figures for operating cash flows in the consolidated statements of cash flows.

4. Interest-bearing debt includes all debt on the consolidated balance sheets that incur interest.

(3) Basic policy for profit distribution and dividends for the current and next fiscal years

a. Basic policy for profit distribution

Our basic policy for profit distribution is to increase the dividend payout to the highest possible level while at the same time maintaining appropriate level of shareholders' equity ratio so that we can develop future business opportunities and ensure our financial strength. We will utilize equity capital more effectively to pursue future business activities and build a solid management foundation.

b. Dividends for the current and next fiscal years

As for the year-end dividends for the fiscal year under review, the Company intends to pay 27 yen per share, which will result in the annual total dividends of 57 yen per share (a decrease of 3 yen as compared to the previous fiscal year).

The amount of cash dividends to be paid for the fiscal year ending March 31, 2010 is 54 yen per share per annum (a decrease of 3 yen as compared to the current fiscal year), consisting of interim dividends of 27 yen per share and year-end dividends of 27 yen per share.

(4) Business and other risks

Listed below are the risk factors that may affect operating results and financial position as well as the stock price and other performance indices of the Group.

1) Business trends in the industries that demand our products (i.e., automotive and electronics industries)

As surface treatment chemical-related materials and machines that we produce are primarily used by manufacturers in the automotive and electronics industries, or more specifically, by the printed-wiring board (PWB) manufacturers, the market environment of these industries gives significant impact on our performance.

In the automotive industry, our chemical-related materials are used mainly in the plating process applied to a radiator grill (a plastic-made decorative component) at the car front and door handles (plastic-made). This simply means that the trends in automobile production volume will give significant impact on our business performance. Our machine business will also be affected significantly by the trends in capital investment made in the automotive industry.

In the PWB industry, our chemical-related materials are used mainly in the copper plating process through which the circuits are constructed, and most of the customers who purchase the PWBs belong to the electronics industry. Among others, the trends in production volume of cellular phones, game consoles and personal computers will give significant impact on our business performance. As is the case with the automotive industry, our machine business for the PWB industry will also be affected significantly by the trends in capital investment made in the industry.

2) Fluctuation in price of raw materials

As the raw materials used for the key products for our surface treatment chemical-related materials business include a variety of chemicals and precious metals, the Group's operating results are affected by fluctuation in price of the raw materials.

3) Fluctuation in foreign exchange rates

The Group has been broadly engaged in domestic and overseas business operations.

When transactions require settlement in a foreign currency, we make every effort to minimize the short-term impact on the business performance with forward exchange contracts or other arrangements appropriately made as needed. However, unexpectedly large fluctuations in foreign exchange rates could give a certain impact on the results of operations and financial position of the Group. Further, since the local currency denominated financial statements that are prepared by our overseas consolidated subsidiaries are translated into Japanese yen in the process of preparing the Group's consolidated financial statements, it will be affected by the fluctuation of foreign currency rates at the time of the translation.

4) Relationship with Ebara Corporation (regarding business details and the use of "Ebara" brand and its logo)

Although Ebara Corporation was our parent company holding 55% of the voting stock until we became independent in September 2003 following an MBO, it does not hold any of our voting stock at present.

The Company gets involved in the business with Ebara Corporation through wholesale of copper plating chemicals for silicon wafers that are used in the semiconductor industry. More specifically, the above products are plating chemicals used for plating machines that Ebara Corporation manufactures and sells to its customers in the semiconductor industry.

We were granted a ten-year license for the use of "Ebara" brand starting from the time when we became independent from Ebara Corporation as the result of the MBO. Although we were granted a three-year license for the prolonged use of the company logo starting from the time when the stock holding ratio became less than 20%, we have changed the logo on October 1, 2008. The change of the company name will be implemented with full evaluation and careful preparation.

5) Business operations in China

For the Group to achieve sustainable growth, we prioritize business expansion in China driven by our China subsidiary over the other objectives, and thus we are committed to further strengthening our distribution channels and enhance the local production capacity in China.

While China's economic growth rate has been extremely impressive so far, the country is facing a variety of problems caused by the strain of growth, including the coastal-inland income gap, shortage of energy and protection of intellectual property rights. There is also a concern over a possible economic slump resulting from the worldwide recession.

Should the Chinese government fail to deal effectively with these problems, the influence may extend to the Group's business operations and performance in China.

6) Concentration of sales on the chemical-related materials business

The percentage of the sales amount from the chemical-related materials business out of the total sales of the Group is as high as 75.5% in the fiscal year under review. We expect that this level of percentage will continue for the foreseeable future. As we have successfully mitigated the risk of this nature by diversifying our customer base into multiple markets including automotive components, building materials, water faucet clasp, electronic components, it is expected that the risk of the current revenue structure giving a significant impact on the Group performance is low though not completely eliminated.

7) Leaking and divulging of technical know-how

Our proprietary technical information includes historical data on developing surface treatment chemicals, ingredients and composition of chemicals, historical data on developing machines, information on purchased products and materials, and technical data exchanged between our customers and the Company. We strictly prohibit our employees from taking out and/or duplicating any of the abovementioned technical information to prevent it from being divulged to third parties. However, should these pieces of information be divulged to third parties, it is considered to be possible for those who acquired the information to provide similar products and customer services, giving a certain degree of impact on our performance. It is also possible that retired employees may disregard the nondisclosure agreement and divulge part of the technical and other information, consequently affecting our performance.

8) Recruiting and developing of human resources

As the industries for which we are serving (including the electronics industry as the most typical example) are characterized by sudden and drastic changes in the required technical level and customer needs, it is imperative for the Company to develop new technologies that match these requirements and to market these technologies as well as to improve existing products. Despite the enhanced awareness of the company brand, more aggressive recruitment activities, and more comprehensive education and training system that we are striving to achieve, failure to ensure sufficient pools of competent engineers as well as R&D staff may adversely affect our performance.

Although we also need to make even more efforts to ensure highly capable group of employees who are engaged in ever-increasing sales and administrative tasks including overseas business development and investor relations, failure to ensure and develop a sufficient number of qualified staff may adversely affect the future business development.

9) Legal regulations

As we use certain chemicals as raw materials for surface treatment chemicals that are controlled under “Poisonous and Deleterious Substances Control Law” and “Narcotics and Psychotropics Control Law,” sales, manufacture, export, etc. of those chemicals are subject to regulations prescribed in these laws. The Company has established an internal control system to comply with the legal environment while meeting all the regulatory requirements such as obtaining licenses for selling, exporting and importing the chemicals that are controlled in accordance with the abovementioned laws. However, more stringent regulatory environment caused by amendment of the laws in the future may result in prohibition or restriction of use of certain chemical ingredients for our surface treatment chemicals, leading to impacting our performance until the alternative products can be developed.

10) Waste control

Our Niigata Plant and R&D Center emit waste liquid and gas in the process of manufacturing and experiments, respectively. These waste materials require appropriate treatment to make them environmentally safe. The Company implements effective treatment of the liquid waste by using on-site effluent treatment facilities or outsourcing the process, depending on its contents. We also implement effective control of the waste gas, which goes through local ventilation installed in the manufacturing site and laboratory and is eventually processed with treatment equipment.

As a result of the above endeavor, we have never experienced any administrative directions so far. However, any future problems caused by our waste control system may give a significant impact on our performance.

11) Price fluctuations of marketable securities held by the Company

Historically, we have held marketable equity securities of some of our customers and other business partners in order to build and maintain solid relationships with them. In the event that the fair value of these equity securities would decline significantly below their carrying amount due to factors such as a major stock market downturn or poor earnings prospects of our investee companies and that the carrying amount is not deemed recoverable, the Company’s operating results and financial position would be affected by an impairment charge that would be recorded for the difference between the fair value and the carrying amount.

2. Overview of Corporate Group

The Group consists of the Company, eight subsidiaries and an affiliate, and is positioned in the market as a comprehensive manufacturer providing surface treatment solutions with surface treatment chemicals-related materials, surface treatment machines, and dry process machines for surface treatment supplied to customers in automotive, housing, electronics and other industries.

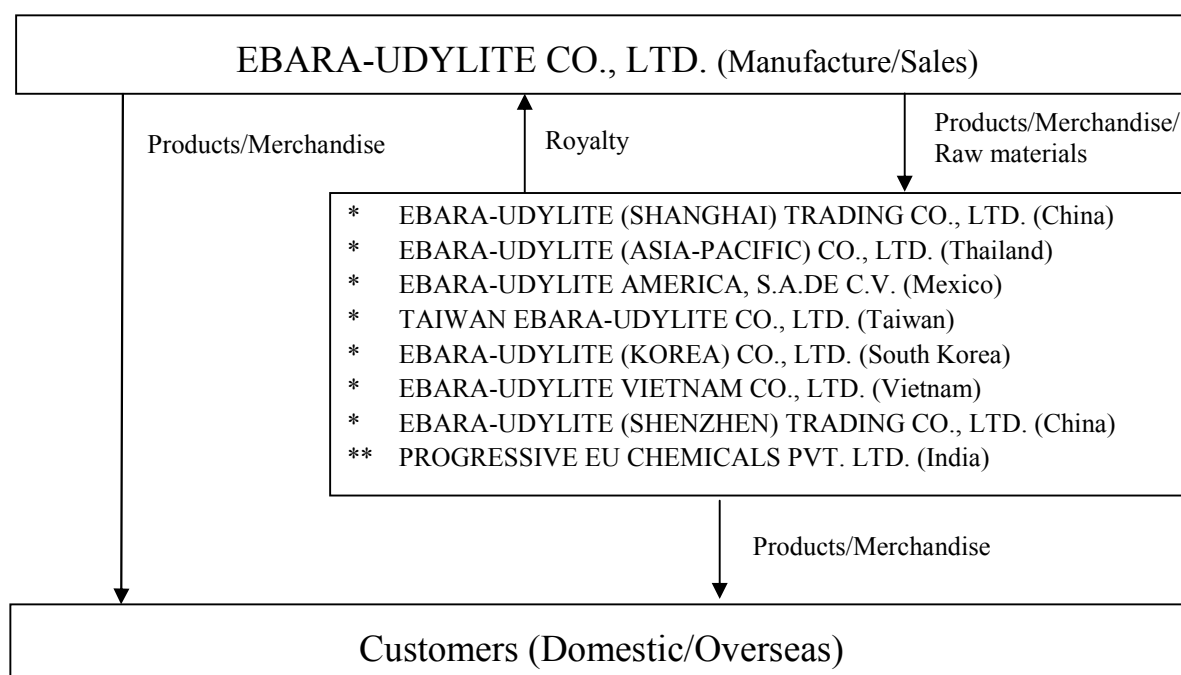
The overview of the business and the positioning of the Company, the subsidiaries and the affiliates in the business are described as follows.

Please be noted that segmentation by business type was changed during the fiscal year under review, the detail of which is described in the “Segment Information” section of “Notes to Consolidated Financial Statements.”

Segment	Main products/merchandise	Major company
Chemicals-related material business	Plating chemicals for printed-wiring boards Plating chemicals for electronic components Plating chemicals for semiconductors Plating chemicals for automotive components Plating chemicals for housing materials, etc. Chemicals for industrial use, plating chemicals for precious metals Non-ferrous metals, boilers, etc.	The Company * EBARA-UDYLITE (SHANGHAI) TRADING CO., LTD. * EBARA-UDYLITE (ASIA-PACIFIC) CO., LTD. * EBARA-UDYLITE AMERICA, S.A.DE C.V. * TAIWAN EBARA-UDYLITE CO., LTD.
Machine business	Plating machine for printed-wiring boards Plating machine for automotive components Backwash tubular pre-coated filter, etc.	* EBARA-UDYLITE (KOREA) CO., LTD. * EBARA-UDYLITE VIETNAM CO., LTD. * EBARA-UDYLITE (SHENZHEN) TRADING CO., LTD.
Dry process business	Plasma surface treatment machine Sputtering equipment for coloring use Plating solution controller, etc.	** PROGRESSIVE EU CHEMICALS PVT. LTD.

(Note) *: Consolidated subsidiary **: Equity-method affiliate

The following chart depicts in visual form the business relationships outlined in the table above.



(Note) *: Consolidated subsidiary **: Equity-method affiliate

3. Management Policy

(1) Basic policy for corporate management

Since its establishment, the Group has been providing our customers with surface treatment chemical-related materials and surface treatment machines with the underlying belief that aspirations for further development of new technology and market in tandem are the drivers for growth of the company.

For the Company to be broadly accepted by the society, make a contribution to development of the society, and to grow and evolve with the society through the business activities in the surface treatment industry, we are committed to managing the Company with “strengthening corporate governance,” “ensuring strict compliance system,” “disclosing the business status,” “managing the risks,” and “reducing the environmental load” set as the business objectives.

Our vision and business development policy are presented as follows:

a. Our vision

- (a) We have been engaged in the business for long time as a wet plating process manufacturer with both proprietary chemicals and equipment technologies, and now we are committed to grow as a “comprehensive surface treatment manufacturer” with newly developed dry plating, coating and heat treatment process technologies to respond to diversifying needs of our customers and to provide them with the best available technology. We will then receive a fair share of our contribution to ensure sufficient amount of retained earnings, which will be used to distribute to our shareholders and employees and solidify our management foundation. We will also make contribution to “development of the industry” and “development of the society” through returning to “customers” a profit generated through our achievement of efficiency-driven cost reduction.
- (b) We will provide our own distinctive products acknowledged by the customers around the world under the banner of “Promoting creative and high-speed research and development.”
- (c) We will strive to preserve natural environment through providing “environmentally-friendly products” and “energy-efficient products.”

b. Business development policy

(a) New product development

- i) Products for the printed-wiring board (PWB) industry should satisfy ever-demanding customers who competes each other for developing PWBs to be used for more functional and higher performance digital home appliances such as cellular phones and digital cameras. In this environment we are required to develop new technology that enables PWBs to accommodate higher density mount and finer circuit widths. We are striving to strengthen our development capability by reinforcing our research and development organization that can effectively analyze the market research data to provide products to meet the customers’ next generation needs on a timely basis and by gathering information through exchange between industry and academic. We will also explore the new solution approach by integrating the dry processing technology with the existing wet processing technology.
- ii) We have developed business with manufacturing customers in the automotive component and water faucet clasp industries through establishing and maintaining close relationship with their development organizations so that we can proactively respond to a variety of their environmental, functional, design-related and all the other needs to help them achieve the product development objectives.
- iii) While we continue pursuing our internal development of technologies, we will also aggressively explore the opportunities to exchange technologies with academics and to get involved in joint development programs with our customers in order to establish the globally competitive research and development structure.

(b) Reinforcement of sales and customer service functions

The Group has put sales and customer service functions in place to meet customer needs with the three branches and two sales district offices in the domestic market.

We have further developed global operations by establishing subsidiaries in China, Taiwan, South Korea, Thailand and Vietnam and joint ventures in Mexico and India.

We will continue cultivating the untapped overseas markets through establishing sales and customer service functions that meet overseas customer needs with increased number of overseas offices and subsidiaries.

(c) Reinforcement of production function

Since the production facilities for surface treatment chemicals was relocated from Fujisawa City of Kanagawa Prefecture to Joetsu City of Niigata Prefecture in April 2000, we have been improving production efficiency and reducing costs with newly introduced state-of-the-art production equipment. In overseas market, we have made local production arrangements in China and Thailand to reduce production costs. We will continue strengthening the production capability of the other subsidiaries and joint ventures to correspond to the sales growth.

(d) Improvement of financial strength

We will further improve our financial strength through ensuring efficient use of managerial resources, growth of sales, reduction and/or containment of production costs and SG&A expenses and solid control of cash flows, all of which are based on the principle of operations performed by a small number of talented people.

(2) Target performance indicators

The Group will continue exploring every opportunity to increase the shareholder value by setting ratios of operating income on sales and ordinary income on total assets as two key performance indicators to enhance the enterprise value and trying to achieve at least 10% for both the indicators.

While we set the above target at the time of going public, the status of achievement in the past two fiscal years are shown as follows. It is our regret that, due to the sharp downturn in the global economy during the second half of the fiscal year under review, we have failed to reach the target level for the two consecutive fiscal years. While it is expected that these two indicators will be further deteriorated in the new fiscal year as our business will continue to be seriously affected by the current business climate, we will strive to recover the performance at the soonest possible time.

	FY3/08	FY3/09
Operating income on sales (%)	6.7	5.0
Ordinary income on total assets (%)	6.2	3.0

(3) Medium to long-term corporate strategy

We have formulated the medium to long-term corporate strategy consisting of the following four components to win customer satisfaction and increase revenue, leading to increased shareholder value.

- (a) Management strategy: Enhance capabilities of technology development and market development
- (b) Sales strategy: Strengthen global network
- (c) R&D strategy: Ensure a quick response to the next generation technology and maintain brand leader status in the market
- (d) Market strategy: Expand business in China and other BRIC markets.

(4) Issues to be addressed by the Company**(a) Sales and marketing**

New customers and markets should be developed through “strengthening global network” under the slogan of “Sell proactively.” The number of sales offices and sales staff should be increased to “improve sales and marketing capabilities.” Specifically, China and other Asian markets have priority to increase in sales offices to expand our overseas market share.

(b) Research and development

Because of the extremely aggressive pace of technology innovation in the PWB industry, which is one of the mainstay markets for our surface treatment chemicals, we should constantly monitor trends of the next generation technology to develop and deliver products that meet market demands.

For other mainstay customers in the automotive component and water faucet clasp industries, we should establish collaborative relationship with a leading manufacture in each industry to develop new products by capturing their needs at an earlier stage.

(c) Sales and technical service structure in China

We have recently received an increasing number of inquiries on our chemical-related materials from customers in China, where the demands for plastic plating for automotive and other components, as well as PWBs are expanding. Such a situation would require the Company to better respond to the request from local customers for more technical assistance including technical and after-sales services for new customers.

As it is highly likely that the number of customers will increase and the service area will expand at a rapid pace in China, strengthening sales structure and education system for local employees is imperative for us to help ensure localization of the operations.

(d) Expansion of operations in overseas countries other than China

While other emerging economies are expected to follow the path of phenomenal growth of China’s automotive industry, Southeast Asian countries, especially Thailand and Vietnam, are developing prominently as component supply bases in the meantime. It is, therefore, important for us to increase our sales effort in these areas. While our product supply to other areas depends mostly upon exports from Japan, we are planning to start local manufacturing operations to reduce distribution and production costs as well as to hedge foreign exchange risks.

(e) Dry process technology

Since its inception the Company has been developing and selling products primarily based on the wet process technology. However, our recent experience shows that customer needs are increasingly diversified and should be met by integrating our existing technology with technologies from different sources. To respond to such a trend, we have started producing and selling PWB cleaning equipment that features in-licensed plasma technology. Regarding coloring equipment that applies our sputtering technology, we are considering the possibility of changing its business model from merely selling machines to providing coloring services as an outsourcer so that we can avoid the risk of know-how leakage and ensure sustainability of the business. As businesses based on the above two technologies became an independent segment by business type from the fiscal year under review, we consider it important for the new segment to establish solid business foundations to ensure profitability at the earliest possible period.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and deposits	2,064,005	2,704,533
Notes and accounts receivable -trade	3,218,718	2,209,204
Inventories	972,261	-
Merchandise and finished goods	-	398,764
Work in process	-	516,074
Raw materials and supplies	-	232,540
Deferred tax assets -current	168,988	96,640
Other current assets	126,188	*3 300,792
Allowance for doubtful accounts	(9,488)	(21,304)
Total current assets	6,540,675	6,437,244
Fixed assets		
Property, plant and equipment		
Buildings and structures	*1 2,288,913	*1 2,330,860
Accumulated depreciation	(528,628)	(616,583)
Buildings and structures, net	*1 1,760,284	*1 1,714,277
Machinery, equipment and vehicles	*1 1,128,173	*1 1,126,874
Accumulated depreciation	(871,005)	(904,910)
Machinery, equipment and vehicles, net	*1 257,167	*1 221,964
Tools, furniture and fixtures	*1 927,611	*1 1,001,725
Accumulated depreciation	(651,923)	(732,295)
Tools, furniture and fixtures, net	*1 275,687	*1 269,429
Land	672,824	672,824
Lease assets	175,337	175,337
Accumulated depreciation	(4,383)	(13,150)
Lease assets, net	170,953	162,186
Construction in progress	4,055	62,299
Total property, plant and equipment	3,140,972	3,102,982
Intangible fixed assets		
Goodwill	14,083	10,562
Other intangible fixed assets	11,368	54,693
Total intangible fixed assets	25,452	65,255
Investments and other assets		
Investment securities	*2 714,121	*2 705,993
Deferred tax assets -non-current	76,783	156,112
Other investments	378,027	340,476
Allowance for doubtful accounts	(24,356)	(10,662)
Total investments and other assets	1,144,575	1,191,919
Total fixed assets	4,311,000	4,360,157
Total assets	10,851,675	10,797,402

	(Thousands of yen)	
	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable -trade	1,888,102	1,864,571
Short-term loans payable	187,008	518,900
Current portion of long-term loans payable	648,000	548,004
Lease obligations -current	5,570	5,927
Accrued income taxes	30,766	46,893
Reserve for bonuses	210,153	167,923
Advances received	321,689	689,754
Other current liabilities	362,473	333,023
Total current liabilities	3,653,762	4,174,998
Long-term liabilities		
Long-term loans payable	1,147,000	1,565,662
Lease obligations -non-current	183,830	177,903
Reserve for retirement benefits	439,042	422,428
Other long-term liabilities	108,522	95,852
Total long-term liabilities	1,878,395	2,261,845
Total liabilities	5,532,158	6,436,844
Net assets		
Shareholders' equity		
Capital stock	910,562	922,562
Capital surplus	863,211	875,211
Retained earnings	3,577,730	3,391,269
Treasury stock	(592)	(346,293)
Total shareholders' equity	5,350,912	4,842,749
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(103,337)	(202,308)
Deferred gains or losses on hedges	-	(2,605)
Foreign currency translation adjustments	41,473	(295,367)
Total valuation and translation adjustments	(61,863)	(500,280)
Minority interests	30,468	18,088
Total net assets	5,319,517	4,360,557
Total liabilities and net assets	10,851,675	10,797,402

(2) Consolidated Statements of Income

(Thousands of yen)

	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Sales	10,244,860	10,788,574
Cost of sales	5,628,561	6,401,210
Gross profit on sales	4,616,298	4,387,363
Selling, general and administrative expenses		
Salaries and wages	1,161,201	1,184,293
Bonuses	341,843	327,956
Retirement benefit expenses	87,759	123,980
Depreciation expense	225,092	250,369
Provision of allowance for doubtful accounts	10,458	13,533
Other expenses	2,102,771	1,943,854
Total selling, general and administrative expenses	*1 3,929,126	*1 3,843,987
Operating income	687,172	543,375
Non-operating income		
Interest income	11,864	18,918
Dividend income	7,267	14,785
Equity in earnings of affiliates	-	31
Other non-operating income	7,103	8,475
Total non-operating income	26,235	42,211
Non-operating expenses		
Interest expenses	39,642	49,008
Foreign exchange loss	43,354	194,908
Other non-operating expenses	2,708	21,031
Total non-operating expenses	85,704	264,949
Ordinary income	627,703	320,637
Extraordinary gains		
Gain on sales of fixed assets	*2 200	*2 1,834
Gain on reversal of relocation expenses for R&D center	11,050	-
Reversal of loss on after-care of products	2,699	-
Total extraordinary gains	13,950	1,834
Extraordinary losses		
Loss on removal of fixed assets	*4 12,575	*4 5,862
Loss on sales of fixed assets	*3 275	*3 66
Loss on valuation of investment securities	53,241	178,622
Loss on sales of investment securities	1,656	2,822
Total extraordinary losses	67,749	187,373
Income before income taxes and minority interests	573,904	135,098
Income taxes -current	258,770	85,089
Refund of income taxes	-	(11,003)
Income taxes -deferred	37,715	60,712
Total income taxes	296,485	134,798
Minority interests in loss	(13,861)	(2,108)
Net income	291,280	2,408

(3) Consolidated Statements of Changes in Shareholders' Equity

(Thousands of yen)

	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	900,812	910,562
Changes of items during the period		
Issuance of new shares	9,750	12,000
Total changes of items during the period	9,750	12,000
Balance at the end of current period	910,562	922,562
Capital surplus		
Balance at the end of previous period	853,461	863,211
Changes of items during the period		
Issuance of new shares	9,750	12,000
Total changes of items during the period	9,750	12,000
Balance at the end of current period	863,211	875,211
Retained earnings		
Balance at the end of previous period	3,462,811	3,577,730
Changes of items during the period		
Dividends from surplus	(176,362)	(188,869)
Net income	291,280	2,408
Total changes of items during the period	114,918	(186,461)
Balance at the end of current period	3,577,730	3,391,269
Treasury stock		
Balance at the end of previous period	(592)	(592)
Changes of items during the period		
Purchase of treasury stock	-	(345,701)
Total changes of items during the period	-	(345,701)
Balance at the end of current period	(592)	(346,293)
Total shareholders' equity		
Balance at the end of previous period	5,216,493	5,350,912
Changes of items during the period		
Issuance of new shares	19,500	24,000
Dividends from surplus	(176,362)	(188,869)
Net income	291,280	2,408
Purchase of treasury stock	-	(345,701)
Total changes of items during the period	134,418	(508,162)
Balance at the end of current period	5,350,912	4,842,749

	(Thousands of yen)	
	FY3/08	FY3/09
	(Apr. 1, 2007 - Mar. 31, 2008)	(Apr. 1, 2008 - Mar. 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(6,565)	(103,337)
Changes of items during the period		
Net changes of items other than shareholders' equity	(96,772)	(98,970)
Total changes of items during the period	(96,772)	(98,970)
Balance at the end of current period	(103,337)	(202,308)
Deferred gains or losses on hedges		
Balance at the end of previous period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	(2,605)
Total changes of items during the period	-	(2,605)
Balance at the end of current period	-	(2,605)
Foreign currency translation adjustment		
Balance at the end of previous period	19,144	41,473
Changes of items during the period		
Net changes of items other than shareholders' equity	22,329	(336,840)
Total changes of items during the period	22,329	(336,840)
Balance at the end of current period	41,473	(295,367)
Total valuation and translation adjustments		
Balance at the end of previous period	12,578	(61,863)
Changes of items during the period		
Net changes of items other than shareholders' equity	(74,442)	(438,416)
Total changes of items during the period	(74,442)	(438,416)
Balance at the end of current period	(61,863)	(500,280)
Minority interests		
Balance at the end of previous period	46,825	30,468
Changes of items during the period		
Net changes of items other than shareholders' equity	(16,356)	(12,380)
Total changes of items during the period	(16,356)	(12,380)
Balance at the end of current period	30,468	18,088
Total net assets		
Balance at the end of previous period	5,275,897	5,319,517
Changes of items during the period		
Issuance of new shares	19,500	24,000
Dividends from surplus	(176,362)	(188,869)
Net income	291,280	2,408
Purchase of treasury stock	-	(345,701)
Net changes of items other than shareholders' equity	(90,798)	(450,796)
Total changes of items during the period	43,619	(958,959)
Balance at the end of current period	5,319,517	4,360,557

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	573,904	135,098
Depreciation expense	323,861	337,877
Amortization of goodwill	3,520	3,520
Increase (decrease) in allowance for doubtful accounts	3,362	521
Increase (decrease) in reserve for bonuses	(23,367)	(42,230)
Increase (decrease) in reserve for retirement benefits	27,848	(15,958)
Interest and dividend income	(19,132)	(33,704)
Foreign exchange loss (gain)	7,909	25,712
Interest expenses	39,642	49,008
Equity in losses (earnings) of affiliates	-	(31)
Gain on sales of fixed assets	(200)	(1,834)
Loss on removal of fixed assets	12,575	5,862
Loss on sales of fixed assets	275	66
Loss (gain) on sales of investment securities	1,656	2,822
Loss (gain) on valuation of investment securities	53,241	178,622
Decrease (increase) in trade receivables	(233,855)	833,533
Increase (decrease) in advances received	203,871	372,460
Decrease (increase) in inventories	(5,142)	(310,319)
Increase (decrease) in trade payables	(30,031)	200,656
Decrease (increase) in advance payments	(4,940)	(13,875)
Other	(90,054)	(168,767)
Subtotal	844,947	1,559,044
Interests and dividends received	17,758	24,780
Interests paid	(40,042)	(49,937)
Income taxes paid	(440,352)	(92,603)
Net cash provided by operating activities	382,311	1,441,283
Cash flows from investing activities		
Decrease (increase) in time deposits	(198,547)	(89,096)
Payment for acquisition of property, plant and equipment	(474,666)	(284,187)
Proceeds from sales of property, plant and equipment	1,114	2,992
Payment for acquisition of intangible fixed assets	(7,242)	(48,277)
Payment for acquisition of investment securities	(629,009)	(345,041)
Proceeds from sales of investment securities	26,775	0
Other	30,269	(3,233)
Net cash used in investing activities	(1,251,307)	(766,844)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	47,680	355,797
Proceeds from long-term loans payable	1,740,000	1,000,000
Repayment of long-term loans payable	(545,000)	(681,334)
Repayment of finance lease obligations	*2 (7,912)	(10,891)
Proceeds from issuance of new stock	19,500	24,000
Payment for acquisition of treasury stock	-	(345,701)
Cash dividends paid	(175,826)	(187,682)
Net cash provided by financing activities	1,078,440	154,186
Effect of exchange rate changes on cash and cash equivalents	(2,615)	(187,057)
Increase (decrease) in cash and cash equivalents	206,828	641,568
Cash and cash equivalents at beginning of period	1,648,351	1,855,179
Cash and cash equivalents at end of period	*1 1,855,179	*1 2,496,748

Conditions and Events that might raise Critical Questions about the Validity of the Going-concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
1. Scope of consolidation	<p>Number of consolidated subsidiaries: 6 Name of consolidated subsidiaries: EBARA-UDYLITE (SHANGHAI) TRADING CO., LTD. EBARA-UDYLITE (ASIA-PACIFIC) CO., LTD. EBARA-UDYLITE AMERICA, S.A. DE C.V. TAIWAN EBARA-UDYLITE CO., LTD. EBARA-UDYLITE (KOREA) CO., LTD. EBARA-UDYLITE VIETNAM CO., LTD.</p> <p>Effective from the current fiscal year, EBARA-UDYLITE (KOREA) CO., LTD. and EBARA-UDYLITE VIETNAM CO., LTD. are included in the consolidation due to their establishment.</p>	<p>Number of consolidated subsidiaries: 8 Name of consolidated subsidiaries: EBARA-UDYLITE (SHANGHAI) TRADING CO., LTD. EBARA-UDYLITE (ASIA-PACIFIC) CO., LTD. EBARA-UDYLITE AMERICA, S.A. DE C.V. TAIWAN EBARA-UDYLITE CO., LTD. EBARA-UDYLITE (KOREA) CO., LTD. EBARA-UDYLITE VIETNAM CO., LTD. EBARA-UDYLITE (HONG KONG) CO., LTD. EBARA-UDYLITE (SHENZHEN) TRADING CO., LTD.</p> <p>Effective from the current fiscal year, EBARA-UDYLITE (HONG KONG) CO., LTD. and EBARA-UDYLITE (SHENZHEN) TRADING CO., LTD. are included in the consolidation due to their establishment.</p>
2. Application of equity method	<p>Number of affiliate: 1 Name of affiliate: PROGRESSIVE EU CHEMICALS PVT. LTD.</p> <p>Effective from the current fiscal year, PROGRESSIVE EU CHEMICALS PVT. LTD. is included as the equity-method affiliate due to its establishment.</p>	<p>Number of affiliate: 1 Name of affiliate: PROGRESSIVE EU CHEMICALS PVT.LTD.</p>
3. Fiscal year of consolidated subsidiaries	<p>The fiscal years of consolidated subsidiaries end on December 31. The consolidated financial statements include the financial statements of consolidated subsidiaries as of December 31, and necessary adjustments have been made for the consolidation concerning material transactions arising between this date and the consolidated balance sheet date.</p>	<p>Same as on the left.</p>
4. Accounting standards (1) Valuation standards and methods for principal assets	<p>a. Marketable securities Available-for sale securities Securities with market quotations Stated at fair value on the balance sheet date. (Valuation difference is included directly in net assets. Cost of securities sold is determined by the moving-average method.) Securities without market quotations Stated at cost determined by the moving-average method.</p>	<p>a. Marketable securities Available-for sale securities Securities with market quotations Same as on the left. Securities without market quotations Same as on the left.</p>

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
<p>(2) Depreciation and amortization of principal assets</p>	<p>b. Derivatives Stated at fair value.</p> <p>c. Inventories Merchandise Stated at cost determined primarily by the specific identification method.</p> <p>Chemicals, work-in-process chemicals, raw materials Stated at cost determined by the monthly-period-average method.</p> <p>Machines, work-in-process machines Stated at cost determined by the specific identification method.</p> <p>Supplies Stated at cost determined by the first-in first-out method.</p>	<p>b. Derivatives Same as on the left.</p> <p>c. Inventories Merchandise Stated at cost determined primarily by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).</p> <p>Chemicals, work-in-process chemicals, raw materials Stated at cost determined by the monthly-period-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).</p> <p>Machines, work-in-process machines Stated at cost determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).</p> <p>Supplies Stated at cost determined by the first-in first-out method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).</p> <p>(Change in accounting policy) Effective from the current fiscal year, the Company has adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006). The impact of the change on operating income, ordinary income and income before income taxes and minority interests is minimal. As the impact of the change on the segment information is also minimal, its description is omitted.</p>
	<p>a. Property, plant and equipment Depreciation of property, plant and equipment is calculated by the declining-balance method, except for lease assets and buildings (excluding attached structures) acquired on or after April 1, 1998 on which depreciation is calculated by the straight-line method. Overseas consolidated subsidiaries compute depreciation using the straight-line method. Useful lives of principle assets are as follows: Buildings and structures: 3-50 years Machinery, equipment and vehicles: 4-7 years Tools, furniture and fixtures: 2-20 years Lease assets: 20 years</p>	<p>a. Property, plant and equipment (excluding lease assets) Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998 on which depreciation is calculated by the straight-line method. Overseas consolidated subsidiaries compute depreciation using the straight-line method. Useful lives of principle assets are as follows: Buildings and structures: 3-50 years Machinery, equipment and vehicles: 3-11 years Tools, furniture and fixtures: 2-20 years</p>

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
	<p>(Change in accounting policy) Following tax law revisions, the Company depreciates property, plant and equipment acquired on or after April 1, 2007 in line with methods prescribed in the revised Corporate Tax Law. The effect of this change was to decrease operating income, ordinary income and income before income taxes and minority interests by 16,817 thousand yen each. The effect of this change on segment operations is shown in the Segment Information section.</p> <p>(Additional information) Following tax law revisions, the Company has changed the method of depreciation of assets acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporate Tax Law, is depreciated over a period of five years. The difference is depreciated by the straight-line method and is included in the depreciation expense. The effect of this change was to decrease operating income, ordinary income and income before income taxes and minority interests by 4,187 thousand yen each. The effect of this change on segment operations is shown in the Segment Information section.</p> <p>b. Intangible fixed assets Amortization of intangible fixed assets is calculated by the straight-line method. Software for internal use is amortized over an expected useful life of five years by the straight-line method.</p> <p>c. _____</p>	<p>b. Intangible fixed assets (excluding lease assets) Same as on the left.</p> <p>c. Lease assets Lease assets associated with finance leases where there is transfer of ownership The same method as depreciation method used for fixed assets held by the Company is applied. Lease assets associated with finance leases where there is no transfer of ownership The straight-line method with no residual value is applied with the lease period used as the useful life of the asset. For finance lease transactions where there is no transfer of ownership on or before March 31, 2008, the Company uses an accounting method that is based on the method used for ordinary lease transactions.</p>
(3) Accounting for significant deferred assets	<p>Stock issue expenses Stock issue expenses are changed to income as accrued.</p>	<p>Stock issue expenses Same as on the left.</p>

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
(4) Recognition of significant allowances	<p>a. Allowance for doubtful accounts Allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.</p> <p>b. Reserve for bonuses To provide for employee bonus obligation, an amount accrued for the current fiscal year among the estimated future obligations is designated in the reserve account.</p> <p>c. Reserve for retirement benefits To provide for employee retirement benefit allowance, an amount determined by the simple method on the basis of the projected benefit obligation (represents of liability the Company would be required to pay if all eligible employees retired on the balance sheet date) is designated in the reserve account.</p>	<p>a. Allowance for doubtful accounts Same as on the left.</p> <p>b. Reserve for bonuses Same as on the left.</p> <p>c. Reserve for retirement benefits Same as on the left.</p>
(5) Translation of significant foreign currency-denominated assets and liabilities	<p>Foreign currency monetary assets and liabilities are translated into yen at the spot rate of exchange prevailing at the consolidated balance sheet date and the resulting translation gains or losses are included in the determination of income/loss for the period.</p> <p>Assets and liabilities of the overseas consolidated subsidiaries are translated into yen at the spot rates of exchange prevailing at the balance sheet dates, while revenues and expenses are translated into yen by the annual average rates of exchange. The resulting translation gains or losses are included in the net assets section of the consolidated balance sheet as foreign currency translation adjustments and minority interests.</p> <p>(Change in accounting policy) Effective from the current fiscal year, the basis of translating revenues and expenses of the overseas consolidated subsidiaries into yen has been changed from the spot rates of exchange prevailing at the balance sheet dates to the annual average rates of exchange prevailing during the current fiscal year. With the increased materiality of overseas consolidate subsidiaries, this change has been made for the purpose of translating foreign currency-denominated revenue and expense items that are recognized throughout the fiscal year to more accurately reflect the substance of actual transactions.</p>	<p>Foreign currency monetary assets and liabilities are translated into yen at the spot rate of exchange prevailing at the consolidated balance sheet date and the resulting translation gains or losses are included in the determination of income/loss for the period.</p> <p>Assets and liabilities of the overseas consolidated subsidiaries are translated into yen at the spot rates of exchange prevailing at the balance sheet dates, while revenues and expenses are translated into yen by the annual average rates of exchange. The resulting translation gains or losses are included in the net assets section of the consolidated balance sheet as foreign currency translation adjustments and minority interests.</p>

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
	<p>The impact of the change on operating income, ordinary income and income before income taxes and minority interests is minimal. As the impact of the change on the segment information is also minimal, its description is omitted.</p>	
(6) Accounting for significant leases	<p>Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by the method similar to that applicable to ordinary operating leases.</p>	<p>—————</p>
(7) Accounting for significant hedges	<p>a. Hedge accounting The Company applies the deferred hedge accounting method. With respect to foreign currency risk, a hedge is accounted by the short-cut method if the hedging relationship meets certain criteria.</p> <p>b. Hedging instrument and risk hedged Hedging instrument: Forward exchange contracts Risk hedged: Foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions</p> <p>c. Hedging policy The Company uses forward exchange contracts to reduce exposure to market risks from fluctuations in exchange rates on foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions.</p> <p>d. Evaluation method for effectiveness of hedging Effectiveness is assessed by rate analysis of the sum total of price fluctuation involving hedging instrument and risk hedged. However, effectiveness of forward exchange contracts accounted by the short-cut method is not assessed.</p>	<p>a. Hedge accounting Same as on the left.</p> <p>b. Hedging instrument and risk hedged Hedging instrument: Same as on the left. Risk hedged: Same as on the left.</p> <p>c. Hedging policy Same as on the left.</p> <p>d. Evaluation method for effectiveness of hedging Same as on the left.</p>
(8) Other significant accounting policies	<p>Accounting for consumption taxes All amounts stated are exclusive of consumption taxes.</p>	<p>Accounting for consumption taxes Same as on the left.</p>
5. Valuations on assets and liabilities of consolidated subsidiaries	<p>Assets and liabilities of the consolidated subsidiaries are evaluated by the full fair value method.</p>	<p>Same as on the left.</p>
6. Amortization of goodwill (negative goodwill)	<p>Goodwill is amortized by the straight-line method over a period of five years.</p>	<p>Same as on the left.</p>

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
7. Scope of cash and cash equivalents on statements of cash flows	For the purpose of statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.	Same as on the left.

Change in Significant Accounting Policies in the Preparation of Consolidated Financial Statements

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
<p style="text-align: center;">—————</p> <p style="text-align: center;">—————</p>	<p>(Accounting Standards for Lease Transactions)</p> <p>In prior years, the Company accounted for finance leases where there is no transfer of ownership primarily as ordinary lease transactions for accounting purposes. However, the Company has adopted “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan); and “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan) from the current fiscal year, using an accounting method for leases that is based on the method used for ordinary purchases and sales.</p> <p>For finance leases where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions. There is no effect on operating income, ordinary income, and income before income taxes and minority interests.</p> <p>(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)</p> <p>Effective from the current fiscal year, the Company has adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18: May 17, 2006) and has made the necessary adjustments to the consolidated financial statements. The impact of the change on operating income, ordinary income and income before income taxes and minority interests is minimal. As the impact of the change on the segment information is also minimal, its description is omitted.</p>

Reclassifications

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
<p>(Consolidated statements of income)</p> <p>“Dividend income,” included in “Other non-operating income” in prior periods, has been reclassified and presented as a separate line item, given that it now represents more than 10/100 of total non-operating income.</p> <p>“Dividend income” in the previous fiscal year totaled 390 thousand yen.</p>	<p>(Consolidated balance sheets)</p> <p>With the adoption of “Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation Methods of Financial Statements” (Cabinet Office Ordinance No. 50, August 7, 2008), “Inventories” is divided into “Merchandise and finished goods,” “Work in process” and “Raw materials and supplies” in the current fiscal year. The amount of “Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies” included in “Inventories” in the previous fiscal year was 506,083 thousand yen, 196,417 thousand yen and 269,760 thousand yen, respectively.</p>

Notes to Consolidated Financial Statements**Notes to Consolidated Balance Sheets**

(Thousands of yen)

FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
*1. The amounts of assets presented in the consolidated balance sheet are net of the following amounts of advanced depreciation for the assets that were acquired in prior fiscal years with government subsidies.	*1. The amounts of assets presented in the consolidated balance sheet are net of the following amounts of advanced depreciation for the assets that were acquired in prior fiscal years with government subsidies.
Buildings and structures 197,624	Buildings and structures 197,624
Machinery, equipment and vehicles 111,380	Machinery, equipment and vehicles 111,380
Tools, furniture and fixtures 7,034	Tools, furniture and fixtures 7,034
*2. The following items are applicable to non-consolidated subsidiaries and affiliates	*2. The following items are applicable to non-consolidated subsidiaries and affiliates
Investment securities (equity) 12,480	Investment securities (equity) 7,624
*3. _____	*3. Receivables sold in credit securitization transactions Trade receivables (or actually trade notes receivable) sold in credit securitization transactions have reached 413,213 thousand yen, out of which the amount yet to be paid of 129,750 thousand yen is accounted for as other receivables and included in the line item "Other current assets."
4. _____	4. Discounted notes receivable 48,435

Notes to Consolidated Statements of Income

(Thousands of yen)

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
*1. R&D cost included in general administrative expenses 470,471	*1. R&D cost included in general administrative expenses 651,324
*2. Breakdown of gain on sales of fixed assets	*2. Breakdown of gain on sales of fixed assets
Machinery, equipment and vehicles 200	Tools, furniture and fixtures 1,834
*3. Breakdown of loss on sales of fixed assets	*3. Breakdown of loss on sales of fixed assets
Machinery, equipment and vehicles 80	Tools, furniture and fixtures 66
Tools, furniture and fixtures 195	
Total 275	
*4. Breakdown of loss on removal of fixed assets	*4. Breakdown of loss on removal of fixed assets
Buildings and structures 6,798	Buildings and structures 213
Machinery, equipment and vehicles 552	Machinery, equipment and vehicles 3,509
Tools, furniture and fixtures 5,224	Tools, furniture and fixtures 2,138
Total 12,575	Total 5,862

Notes to Consolidated Statements of Changes in Shareholders' Equity

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of Mar. 31, 2007 (shares)	Increase during the fiscal year (shares)	Decrease during the fiscal year (shares)	Number of shares as of Mar. 31, 2008 (shares)
Outstanding shares				
Common stock (Note)	3,192,500	26,000	-	3,218,500
Total	3,192,500	26,000	-	3,218,500
Treasury stock				
Common stock	100	-	-	100
Total	100	-	-	100

Note: The increase in the number of common stock of outstanding shares (26,000 shares) is due to the exercise of stock options.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (thousands of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on May 25, 2007	Common stock	79,810	25	Mar. 31, 2007	Jun. 29, 2007
Board of Directors meeting on Nov. 9, 2007	Common stock	96,552	30	Sep. 30, 2007	Dec. 10, 2007

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (thousands of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on May 23, 2008	Common stock	96,552	Retained earnings	30	Mar. 31, 2008	Jun. 13, 2008

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

1. Type and number of outstanding shares and treasury stock

	Number of shares as of Mar. 31, 2008 (shares)	Increase during the fiscal year (shares)	Decrease during the fiscal year (shares)	Number of shares as of Mar. 31, 2009 (shares)
Outstanding shares				
Common stock (Note1)	3,218,500	32,000	-	3,250,500
Total	3,218,500	32,000	-	3,250,500
Treasury stock				
Common stock (Note2)	100	157,137	-	157,237
Total	100	157,137	-	157,237

Notes: 1. The increase in the number of common stock of outstanding shares (32,000 shares) is due to the exercise of stock options.

2. The increase in the number of common stock of treasury stock (157,137 shares) is due to the purchase of treasury stock based on the Board of Directors' resolution (157,000 shares) and the purchase of odd-lot shares (137 shares).

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (thousands of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on May 23, 2008	Common stock	96,552	30	Mar. 31, 2008	Jun. 13, 2008
Board of Directors meeting on Nov. 10, 2008	Common stock	92,317	30	Sep. 30, 2008	Dec. 8, 2008

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (thousands of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on May 28, 2009 (schedule)	Common stock	83,518	Retained earnings	27	Mar. 31, 2009	Jun. 11, 2009

Notes to Consolidated Statements of Cash Flows

(Thousands of yen)

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
*1. Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows: <div style="text-align: right;">(As of Mar. 31, 2008)</div> Cash and deposits 2,064,005 Time deposits with maturities longer than three months (208,826) Cash and cash equivalents <u>1,855,179</u>	*1. Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows: <div style="text-align: right;">(As of Mar. 31, 2009)</div> Cash and deposits 2,704,533 Time deposits with maturities longer than three months (207,785) Cash and cash equivalents <u>2,496,748</u>
*2. Significant non-cash transactions Assets and liabilities applicable to the finance lease transaction as follows: Lease assets 175,337 Lease obligations 193,337	*2. _____

Leases

(Thousands of yen)

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Finance lease transactions other than those in which the title of the leased property is transferred to the lessee	Finance lease transactions where there is no transfer of ownership executed before the first fiscal year for which the accounting standard for lease transactions has become applicable (transactions accounted for by the lessee)
1. Acquisition cost equivalents, accumulated depreciation equivalents, accumulated impairment loss equivalents and year-end balance equivalents of the leased property	1. Acquisition cost equivalents, accumulated depreciation equivalents, accumulated impairment loss equivalents and year-end balance equivalents of the leased property
Tools, furniture and fixtures:	Tools, furniture and fixtures:
Acquisition cost equivalents 124,137	Acquisition cost equivalents 72,082
Accumulated depreciation equivalents 55,555	Accumulated depreciation equivalents 27,967
Year-end balance equivalents 68,581	Year-end balance equivalents 44,114
Software:	Software:
Acquisition cost equivalents 34,369	Acquisition cost equivalents 34,369
Accumulated depreciation equivalents 4,694	Accumulated depreciation equivalents 11,642
Year-end balance equivalents 29,674	Year-end balance equivalents 22,727
Total:	Total:
Acquisition cost equivalents 158,507	Acquisition cost equivalents 106,452
Accumulated depreciation equivalents 60,250	Accumulated depreciation equivalents 39,609
Year-end balance equivalents 98,256	Year-end balance equivalents 66,842
2. Year-end balance equivalents of outstanding lease commitments	2. Year-end balance equivalents of outstanding lease commitments
Within one year 31,125	Within one year 21,405
Over one year 68,261	Over one year 46,856
Total 99,387	Total 68,261
3. Lease payments, reversal from lease asset impairment, depreciation, interest equivalents, and impairment losses	3. Lease payments, reversal from lease asset impairment, depreciation, interest equivalents, and impairment losses
Lease payments 33,659	Lease payments 33,067
Depreciation equivalents 32,053	Depreciation equivalents 31,414
Interest equivalents 2,228	Interest equivalents 1,941
4. Calculating depreciation equivalents	4. Calculating depreciation equivalents
Depreciation equivalents are calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.	Same as on the left.
5. Calculating interest equivalents	5. Calculating interest equivalents
Interest equivalents are defined as the difference between the total lease payments and acquisition cost equivalents and are allocated for each period using the simple-interest method.	Same as on the left.
(Impairment losses)	(Impairment losses)
There are no impairment losses on leased asset-impairment account.	Same as on the left.

Marketable Securities

FY3/08 (As of Mar. 31, 2008)

1. Available-for-sale securities with market quotations

(Thousands of yen)

	Type	Acquisition cost	Carrying value	Valuation gain (loss)
Securities whose carrying value exceeds their acquisition cost	(1) Equities	102,418	125,215	22,796
	(2) Bonds			
	1) Government and municipal bonds	-	-	-
	2) Corporate bonds	-	-	-
	3) Other bonds	-	-	-
	(3) Other	-	-	-
	Subtotal	102,418	125,215	22,796
Securities whose carrying value do not exceed their acquisition cost	(1) Equities	639,016	457,890	(181,126)
	(2) Bonds			
	1) Government and municipal bonds	-	-	-
	2) Corporate bonds	-	-	-
	3) Other bonds	-	-	-
	(3) Other	-	-	-
	Subtotal	639,016	457,890	(181,126)
Total		741,435	583,105	(158,329)

Note: Impairment loss of 53,241 thousand yen (on available-for-sale securities with market quotations) is reported for the current fiscal year. Impairment loss is recognized for securities in the case where the fair value at the balance sheet date is at the level of 50% or less of the acquisition cost or the fair value has been at the level of more than 30% but not more than 50% of the acquisition cost for two years, and the amount of impairment loss is determined based on considerations of recoverability and other factors.

2. Available-for-sale securities sold during the current fiscal year (Apr. 1, 2007 – Mar. 31, 2008)

(Thousands of yen)

Sales amount	Aggregate gain	Aggregate loss
26,775	-	1,656

3. Major marketable securities without market quotations

(Thousands of yen)

	FY3/08 (As of Mar. 31, 2008)
	Carrying value
Available-for-sale securities	
Unlisted stocks	118,536

FY3/09 (As of Mar. 31, 2009)

1. Available-for-sale securities with market quotations

(Thousands of yen)

	Type	Acquisition cost	Carrying value	Valuation gain (loss)
Securities whose carrying value exceeds their acquisition cost	(1) Equities	10,983	12,944	1,960
	(2) Bonds			
	1) Government and municipal bonds	-	-	-
	2) Corporate bonds	-	-	-
	3) Other bonds	-	-	-
	(3) Other	-	-	-
	Subtotal	10,983	12,944	1,960
Securities whose carrying value do not exceed their acquisition cost	(1) Equities	894,047	592,365	(301,682)
	(2) Bonds			
	1) Government and municipal bonds	-	-	-
	2) Corporate bonds	-	-	-
	3) Other bonds	-	-	-
	(3) Other	-	-	-
	Subtotal	894,047	592,365	(301,682)
Total		905,031	605,310	(299,721)

Note: Impairment loss of 178,622 thousand yen (on available-for-sale securities with market quotations) is reported for the current fiscal year. Impairment loss is recognized for securities in the case where the fair value at the balance sheet date is at the level of 50% or less of the acquisition cost or the fair value has been at the level of more than 30% but not more than 50% of the acquisition cost for two years, and the amount of impairment loss is determined based on considerations of recoverability and other factors.

2. Available-for-sale securities sold during the current fiscal year (Apr. 1, 2008 – Mar. 31, 2009)

(Thousands of yen)

Sales amount	Aggregate gain	Aggregate loss
0	-	2,822

3. Major marketable securities without market quotations

(Thousands of yen)

	FY3/09 (As of Mar. 31, 2009)
	Carrying value
Available-for-sale securities	
Unlisted stocks	93,057

Derivatives

1. Derivative transactions

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
<p>(1) Transactions and the purposes The Company uses forward exchange contracts to reduce exposure to market risks from fluctuations in exchange rates on foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions. Derivative transactions are accounted by the hedge accounting method.</p> <p>1) Hedge accounting The Company applies the deferred hedge accounting method. With respect to foreign currency risk, a hedge is accounted by the short-cut method if the hedging relationship meets certain criteria.</p> <p>2) Hedging instrument and risk hedged Hedging instrument: Forward exchange contracts Risk hedged: Foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions</p> <p>3) Hedging policy The Company uses forward exchange contracts to reduce exposure to market risks from fluctuations in exchange rates on foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions.</p> <p>4) Evaluation method for effectiveness of hedging Effectiveness is assessed by rate analysis of the sum total of price fluctuation involving hedging instrument and risk hedged. However, effectiveness of forward exchange contracts accounted by the short-cut method is not assessed.</p>	<p>(1) Transactions and the purposes Same as on the left.</p> <p>1) Hedge accounting Same as on the left.</p> <p>2) Hedging instrument and risk hedged Hedging instrument: Same as on the left. Risk hedged: Same as on the left.</p> <p>3) Hedging policy Same as on the left.</p> <p>4) Evaluation method for effectiveness of hedging Same as on the left.</p>
<p>(2) Policy for derivatives The Company uses forward exchange contracts to reduce exposure to future risks from fluctuations in exchange rates. The Company does not hold or issue financial derivative instruments for trading purposes.</p>	<p>(2) Policy for derivatives Same as on the left.</p>
<p>(3) Transaction risks Forward exchange contracts carry risk arising from fluctuations in foreign exchange rates. The Company considers that there is no significant credit risk from counterparty's default. The Company's counterparties are domestic banks with high credit ratings.</p>	<p>(3) Transaction risks Same as on the left.</p>
<p>(4) Risk management The execution and management of derivative transactions is carried out in accordance with in-house rules.</p>	<p>(4) Risk management Same as on the left.</p>

2. Information on market values

Currency related

(Thousand of yen)

Type of transaction	Derivatives	FY3/08 (As of Mar. 31, 2008)				FY3/09 (As of Mar. 31, 2009)			
		Notional amount		Fair value	Unrealized gain (loss)	Notional amount		Fair value	Unrealized gain (loss)
			Over one year				Over one year		
OTC transactions	Forward exchange contracts Sell Thai baht	-	-	-	-	75,088	-	(8,614)	(8,614)

Notes: 1. The Company ceased application of hedge accounting for the above transactions as they were no longer qualified for hedge accounting treatment.

2. Fair value

Fair values are calculated on the basis of quotations posted by financial institutions.

Retirement Benefits

1. Retirement benefit plans

The Company has adopted defined benefit plans, i.e., lump-sum payment plan. Certain consolidated subsidiaries have adopted a defined-contribution pension plan.

2. Projected benefit obligation

(Thousands of yen)

	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Projected benefit obligation	439,042	422,428
Reserve for retirement benefits	439,042	422,428

3. Retirement benefit expenses

(Thousands of yen)

	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Service cost	106,613	135,850
Other (Note)	2,853	3,387
Retirement benefit expenses	109,472	139,237

Note: "Other" represents premium payments for the defined-contribution pension plan.

4. Calculation method of projected benefit obligation

FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
The projected benefit obligation is calculated using the simple method (represents of liability the Company would be required to pay if all eligible employees retired on the balance sheet date). The amount of plan assets distributed to employees as a result of settlement of the tax-qualified pension plan is deducted from the amount of projected benefit obligation.	Same as on the left.

Stock Options

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

1. Description, scale and changes in stock options

(1) Description of stock options

	Stock option (2004)
Classification and number of grantees	Company's directors: 3, Company's employees: 7
Number of stock options	Common stock: 121,200 shares
Grant date	June 21, 2004
Vesting condition	Of the persons granted the stock options must consistently work with the Company from the grant date (June 21, 2004) to the vesting date (June 30, 2006).
Requisite service period	Two years from July 1, 2004 to June 30, 2006
Exercise period	From July 1, 2006 to June 30, 2014 Of the persons granted the stock options must maintain the position of director or an employee of the Company at the time of exercise of the stock options.

(2) Scale and changes in stock options

The following statement includes stock options valid during the current fiscal year and is presented as the number of shares resulting from the exercise of the stock options.

1) Number of stock options

	Stock option (2004)
Non-vested rights (shares)	
Balance as of March 31, 2007	-
Granted	-
Forfeited	-
Rights vested	-
Balance of non-vested rights	-
Vested rights (shares)	
Balance as of March 31, 2007	62,700
Rights vested	-
Rights exercised	26,000
Forfeited	-
Balance of unexercised rights	36,700

2) Price information

	Stock option (2004)
Exercise price (yen)	750
Average stock price at the time of exercise (yen)	2,631
Fair value (as of the grant date) (yen)	-

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

1. Description, scale and changes in stock options

(1) Description of stock options

	Stock option (2004)
Classification and number of grantees	Company's directors: 3, Company's employees: 7
Number of stock options	Common stock: 121,200 shares
Grant date	June 21, 2004
Vesting condition	Of the persons granted the stock options must consistently work with the Company from the grant date (June 21, 2004) to the vesting date (June 30, 2006).
Requisite service period	Two years from July 1, 2004 to June 30, 2006
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(2) Scale and changes in stock options

The following statement includes stock options valid during the current fiscal year and is presented as the number of shares resulting from the exercise of the stock options.

1) Number of stock options

	Stock option (2004)
Non-vested rights (shares)	
Balance as of March 31, 2008	-
Granted	-
Forfeited	-
Rights vested	-
Balance of non-vested rights	-
Vested rights (shares)	
Balance as of March 31, 2008	36,700
Rights vested	-
Rights exercised	32,000
Forfeited	-
Balance of unexercised rights	4,700

2) Price information

	Stock option (2004)
Exercise price (yen)	750
Average stock price at the time of exercise (yen)	1,989
Fair value (as of the grant date) (yen)	-

Deferred Tax Accounting

(Thousands of yen)

FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
1. Significant components of deferred tax assets and liabilities	1. Significant components of deferred tax assets and liabilities
Deferred tax assets	Deferred tax assets
Accrued enterprise tax denied	Reserve for bonuses denied
Reserve for bonuses denied	Reserve for retirement benefits denied
Reserve for retirement benefits denied	Long-term accounts payable -other denied
Long-term accounts payable -other denied	Depreciation in excess of tax allowance
Depreciation in excess of tax allowance	Loss on valuation of investment securities denied
Loss on valuation of investment securities denied	Valuation difference on available-for-sale securities
Valuation difference on available-for-sale securities	Consolidated intra-company profit elimination
Consolidated intra-company profit elimination	Other
Other	
Deferred tax assets -subtotal	Deferred tax assets -subtotal
Less valuation allowance	Less valuation allowance
Deferred tax assets -total	Deferred tax assets -total
Deferred tax liabilities	Deferred tax liabilities
Reserve for reduction entry	Accrued enterprise tax
	Reserve for reduction entry
	Undistributed earnings of consolidated subsidiaries
Deferred tax liabilities -total	Deferred tax liabilities -total
Deferred tax assets -net	Deferred tax assets -net
Net deferred tax assets are included in the following consolidated balance sheet accounts	Net deferred tax assets are included in the following consolidated balance sheet accounts
Current assets - Deferred tax assets	Current assets - Deferred tax assets
Fixed assets - Deferred tax assets	Fixed assets - Deferred tax assets
2. Significant components of difference between statutory and effective tax rates	2. Significant components of difference between statutory and effective tax rates
Statutory tax rate (Adjusted)	Statutory tax rate (Adjusted)
Permanent differences such as entertainment expenses	Permanent differences such as entertainment expenses
Valuation allowance	Valuation allowance
Special deduction on R&D expenses	Income taxes refund
Prior-year income taxes	Per capita residential tax
Per capita residential tax	Difference in tax rate of overseas subsidiaries
Difference in tax rate of overseas subsidiaries	Other
Other	
Effective tax rate	Effective tax rate

Segment Information

a. Operating segment information

Operating segment information for the two most recent fiscal years is as follows.

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

(Thousands of yen)

	Chemicals-related material business	Machine business	Total	Elimination or corporate	Consolidated
I. Sales and operating income (loss)					
Sales					
(1) Sales to outside customers	8,083,096	2,161,764	10,244,860	-	10,244,860
(2) Inter-segment sales and transfers	-	7,224	7,224	(7,224)	-
Total	8,083,096	2,168,988	10,252,084	(7,224)	10,244,860
Operating expenses	6,533,802	2,269,664	8,803,467	754,220	9,557,687
Operating income (loss)	1,549,293	(100,675)	1,448,617	(761,445)	687,172
II. Assets, depreciation expense and capital expenditures					
Assets	7,258,511	931,429	8,189,941	2,661,734	10,851,675
Depreciation expense	260,378	40,711	301,090	22,770	323,861
Capital expenditures	567,879	46,848	614,727	11,425	626,152

Notes: 1. The Group's operations are classified into business segments mainly by product line and product characteristic in a comprehensive manner.

2. Main products in each business segment

(1) Chemicals-related material business: Plastic plating chemicals for automotive components, plating chemicals for printed-wiring boards, plating chemicals for semiconductors, chemicals for industrial use, non-ferrous metals

(2) Machine business: Plastic plating machines for automotive components, plating machines for printed-wiring boards

3. Unallocated operating expenses (767,357 thousand yen) included in "Elimination or corporate" consist primarily of expenses related to the administration divisions, including the President's Office, General Affairs and Accounting Divisions.

4. Corporate assets (2,615,679 thousand yen) included in "Elimination or corporate" consist primarily of cash and deposits, investment securities, and assets of the administration divisions at the Company.

5. Depreciation expense and capital expenditures include long-term prepaid expenses and their amortization.

6. Change in accounting policy

(FY3/08)

As mentioned in the section on "Significant Accounting Policies in the Preparation of Consolidated Financial Statements, 4. (2)," following tax law revisions, the Company depreciates property, plant and equipment acquired on or after April 1, 2007 in line with methods prescribed in the revised Corporate Tax Law. Compared with the previous method, this change increased depreciation of the "Chemicals-related material business" by 13,213 thousand yen, "Machine business" by 2,840 thousand yen and "Elimination or corporate" by 763 thousand yen. Operating expenses increased by 13,213 thousand yen in the "Chemicals-related material business," 2,840 thousand yen in the "Machine business" and 763 thousand yen in "Elimination or corporate," and operating income decreased by the same amount.

7. Additional information

(FY3/08)

As mentioned in the section on "Significant Accounting Policies in the Preparation of Consolidated Financial Statements, 4. (2)," following tax law revisions, the Company has adopted the revised Corporate Tax Law and changed the method of depreciation of assets acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporate Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in the depreciation expense. Compared with the previous method, this change increased depreciation expense of the "Chemicals-related material business" by 3,959 thousand yen, the "Machine business" by 154 thousand yen and "Elimination or corporate" by 73 thousand yen. Operating expenses increased by 3,959 thousand yen in the "Chemicals-related material business," 154 thousand yen in the "Machine business" and 73 thousand yen in "Elimination or corporate," and operating income decreased by the same amount.

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

(Thousands of yen)

	Chemicals-related material business	Machine business	Dry process business	Total	Elimination or corporate	Consolidated
I. Sales and operating income (loss)						
Sales						
(1) Sales to outside customers	8,150,451	2,584,835	53,287	10,788,574	-	10,788,574
(2) Inter-segment sales and transfers	-	-	-	-	-	-
Total	8,150,451	2,584,835	53,287	10,788,574	-	10,788,574
Operating expenses	6,853,846	2,423,496	223,559	9,500,902	744,296	10,245,198
Operating income (loss)	1,296,605	161,338	(170,272)	1,287,671	(744,296)	543,375
II. Assets, depreciation expense and capital expenditures						
Assets	5,798,685	1,361,496	491,999	7,652,181	3,145,221	10,797,402
Depreciation expense	257,855	14,880	38,477	311,214	26,663	337,877
Capital expenditures	198,635	11,825	150,488	360,949	29,065	390,015

Notes: 1. The Group's operations are classified into business segments mainly by product line and product characteristic in a comprehensive manner.

2. Main products in each business segment

(1) Chemicals-related material business: Plastic plating chemicals for automotive components, plating chemicals for printed-wiring boards, plating chemicals for semiconductors, chemicals for industrial use, non-ferrous metals

(2) Machine business: Plastic plating machines for automotive components, plating machines for printed-wiring boards

(3) Dry process business: Sputtering equipment, plasma desmear equipment, hard coat equipment, automatic control system for plating solution

3. Unallocated operating expenses (744,882 thousand yen) included in "Elimination or corporate" consist primarily of expenses related to the administration divisions, including the President's Office, General Affairs and Accounting Divisions.

4. Corporate assets (3,145,759 thousand yen) included in "Elimination or corporate" consist primarily of cash and deposits, investment securities, and assets of the administration divisions at the Company.

5. Depreciation expense and capital expenditures include long-term prepaid expenses and their amortization.

6. Change in segmentation by business type

Historically, the Group operations had been divided into two segments in terms of similarities in the type and nature of business activities. From the fiscal year under review, the "Dry process business," which was included in the "Machine business" segment, is presented separately, given the situation where increasing commercialization of the sputtering equipment, or a main product line for the dry process business, prompted the Company to restructure the organization by newly establishing New Business Promotion Division effective January 19, 2009.

The segment information for the previous fiscal year, assuming that the segmentation of the fiscal year under review was applied, is presented as follows.

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

(Thousands of yen)

	Chemicals-related material business	Machine business	Dry process business	Total	Elimination or corporate	Consolidated
I. Sales and operating income (loss)						
Sales						
(1) Sales to outside customers	8,083,096	2,117,065	44,698	10,244,860	-	10,244,860
(2) Inter-segment sales and transfers	-	4,757	2,467	7,224	(7,224)	-
Total	8,083,096	2,121,822	47,166	10,252,084	(7,224)	10,244,860
Operating expenses	6,533,802	2,114,658	155,005	8,803,467	754,220	9,557,687
Operating income (loss)	1,549,293	7,164	(107,839)	1,448,617	(761,445)	687,172
II. Assets, depreciation expense and capital expenditures						
Assets	7,258,511	758,045	173,384	8,189,941	2,661,734	10,851,675
Depreciation expense	260,378	7,851	32,860	301,090	22,770	323,861
Capital expenditures	567,879	18,601	28,246	614,727	11,425	626,152

Notes: 1. The Group's operations are classified into business segments mainly by product line and product characteristic in a comprehensive manner.

2. Main products in each business segment

(1) Chemicals-related material business: Plastic plating chemicals for automotive components, plating chemicals for printed-wiring boards, plating chemicals for semiconductors, chemicals for industrial use, non-ferrous metals

(2) Machine business: Plastic plating machines for automotive components, plating machines for printed-wiring boards

(3) Dry process business: Sputtering equipment, plasma desmear equipment, hard coat equipment, automatic control system for plating solution

3. Unallocated operating expenses (767,357 thousand yen) included in "Elimination or corporate" consist primarily of expenses related to the administration divisions, including the President's Office, General Affairs and Accounting Divisions.

4. Corporate assets (2,615,679 thousand yen) included in "Elimination or corporate" consist primarily of cash and deposits, investment securities, and assets of the administration divisions at the Company.

5. Depreciation expense and capital expenditures include long-term prepaid expenses and their amortization.

6. Change in accounting policy

(FY3/08)

As mentioned in the section on "Significant Accounting Policies in the Preparation of Consolidated Financial Statements, 4. (2)," the Company has changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 in line with methods prescribed in the revised Corporate Tax Law starting from the current fiscal year. Compared with the previous method, this change increased depreciation of the "Chemicals-related material business" by 13,213 thousand yen, "Machine business" by 171 thousand yen, "Dry process business" by 2,669 thousand yen, and "Elimination or corporate" by 763 thousand yen. Operating expenses increased by 13,213 thousand yen in the "Chemicals-related material business," 171 thousand yen in the "Machine business," 2,669 thousand yen in the "Dry process business," and 763 thousand yen in "Elimination or corporate," and operating income decreased by the same amount.

7. Additional information

(FY3/08)

As mentioned in the section on "Significant Accounting Policies in the Preparation of Consolidated Financial Statements, 4. (2)," the Company has changed the method of depreciation of assets acquired on or before March 31, 2007 following tax law revisions. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporate Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is depreciated by the straight-line method and is included in the depreciation expense. Compared with the previous method, this change increased depreciation expense of the "Chemicals-related material business" by 3,959 thousand yen, the "Machine business" by 115 thousand yen, "Dry process business" by 39 thousand yen and "Elimination or corporate" by 73 thousand yen. Operating expenses increased by 3,959 thousand yen in the "Chemicals-related material business," 115 thousand yen in the "Machine business," 39 thousand yen in the "Dry process business," and 73 thousand yen in "Elimination or corporate," and operating income decreased by the same amount.

The segment information for the first nine months of the current fiscal year, assuming that the segmentation of the fiscal year under review was applied, is presented as follows.

3Q FY3/09 (Apr. 1, 2008 – Dec. 31, 2008)

(Thousands of yen)

	Chemicals-related material business	Machine business	Dry process business	Total	Elimination or corporate	Consolidated
I. Sales and operating income (loss)						
Sales						
(1) Sales to outside customers	6,784,908	1,670,771	52,695	8,508,375	-	8,508,375
(2) Inter-segment sales and transfers	-	205	-	205	(205)	-
Total	6,784,908	1,670,976	52,695	8,508,580	(205)	8,508,375
Operating income (loss)	1,408,344	149,504	(116,113)	1,441,734	(632,734)	809,000

Notes: 1. The Group's operations are classified into business segments mainly by product line and product characteristic in a comprehensive manner.

2. Main products in each business segment

(1) Chemicals-related material business: Plastic plating chemicals for automotive components, plating chemicals for printed-wiring boards, plating chemicals for semiconductors, chemicals for industrial use, non-ferrous metals

(2) Machine business: Plastic plating machines for automotive components, plating machines for printed-wiring boards

(3) Dry process business: Sputtering equipment, plasma desmear equipment, hard coat equipment, automatic control system for plating solution

b. Geographical segment information

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

(Thousands of yen)

	Japan	Asia	Other regions	Total	Elimination or corporate	Consolidated
I. Sales and operating income (loss)						
Sales						
(1) Sales to outside customers	8,087,034	1,942,604	215,220	10,244,860	-	10,244,860
(2) Inter-segment sales and transfers	942,705	59,500	-	1,002,206	(1,002,206)	-
Total	9,029,740	2,002,105	215,220	11,247,066	(1,002,206)	10,244,860
Operating expenses	7,659,716	1,835,740	241,333	9,736,791	(179,103)	9,557,687
Operating income (loss)	1,370,023	166,364	(26,113)	1,510,275	(823,103)	687,172
II. Assets	6,837,542	2,255,515	147,379	9,240,437	1,611,238	10,851,675

Notes: 1. Countries and regions are classified by geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas

Asia: South Korea, Taiwan, China, Thailand, Vietnam

Other regions: Mexico

3. Unallocated operating expenses (767,357 thousand yen) included in "Elimination or corporate" consist primarily of expenses related to the administration divisions, including the President's Office, General Affairs and Accounting Divisions.

4. Corporate assets (2,615,679 thousand yen) included in "Elimination or corporate" consist primarily of cash and deposits, investment securities, and assets of the administration divisions at the Company.

5. Change in accounting policy

(FY3/08)

As mentioned in the section on "Significant Accounting Policies in the Preparation of Consolidated Financial Statements, 4. (2)," the Company has changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 in line with methods prescribed in the revised Corporate Tax Law starting from the current fiscal year. Compared with the previous method, this change increased operating expenses in Japan by 16,054 thousand yen, "Elimination or corporate" by 763 thousand yen, and decreased operating income by the same amount.

6. Additional information

(FY3/08)

As mentioned in the section on "Significant Accounting Policies in the Preparation of Consolidated Financial Statements, 4. (2)," the Company has changed the method of depreciation of assets acquired on or before March 31, 2007 following

tax law revisions. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporate Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is depreciated by the straight-line method and is included in the depreciation expense. Compared with the previous method, this change increased operating expenses in Japan by 4,113 thousand yen, "Elimination or corporate" by 73 thousand yen, and decreased operating income by the same amount.

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

(Thousands of yen)

	Japan	Asia	Other regions	Total	Elimination or corporate	Consolidated
I. Sales and operating income (loss)						
Sales						
(1) Sales to outside customers	7,628,207	2,872,408	287,958	10,788,574	-	10,788,574
(2) Inter-segment sales and transfers	1,092,952	195,896	-	1,288,848	(1,288,848)	-
Total	8,721,160	3,068,304	287,958	12,077,422	(1,288,848)	10,788,574
Operating expenses	7,827,188	2,690,533	286,019	10,803,740	(558,542)	10,245,198
Operating income (loss)	893,971	377,771	1,938	1,273,681	(730,306)	543,375
II. Assets	6,108,370	1,901,802	126,301	8,136,473	2,660,928	10,797,402

Notes: 1. Countries and regions are classified by geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas

Asia: South Korea, Taiwan, China, Thailand, Vietnam

Other regions: Mexico

3. Unallocated operating expenses (744,882 thousand yen) included in "Elimination or corporate" consist primarily of expenses related to the administration divisions, including the President's Office, General Affairs and Accounting Divisions.

4. Corporate assets (3,145,759 thousand yen) included in "Elimination or corporate" consist primarily of cash and deposits, investment securities, and assets of the administration divisions at the Company.

c. Overseas sales

Overseas sales for the two most recent fiscal years is as follows.

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

(Thousands of yen)

	Asia	Other regions	Total
I. Overseas sales	2,070,559	220,839	2,291,399
II. Consolidated sales	-	-	10,244,860
III. Share of overseas sales in consolidated sales (%)	20.2	2.2	22.4

Notes: 1. Countries and regions are classified by geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas

(1) Asia: South Korea, Taiwan, China, Thailand, Singapore, etc.

(2) Other regions: USA, Mexico, Germany

3. Overseas sales include sales of the Company and its consolidated subsidiaries to customers in countries and areas outside Japan.

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

(Thousands of yen)

	Asia	Other regions	Total
I. Overseas sales	3,533,196	288,716	3,821,913
II. Consolidated sales	-	-	10,788,574
III. Share of overseas sales in consolidated sales (%)	32.7	2.7	35.4

Notes: 1. Countries and regions are classified by geographical proximity.

2. Countries and regions outside Japan are broken down into the following geographical areas

(1) Asia: South Korea, Taiwan, China, Thailand, Vietnam, Philippines, etc.

(2) Other regions: USA, Mexico, Germany

3. Overseas sales include sales of the Company and its consolidated subsidiaries to customers in countries and areas outside Japan.

Related Party Transaction

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

Not applicable.

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

Not applicable.

(Additional information)

Effective from the current fiscal year, the Company has adopted “Accounting Standard for Related Party Disclosure” (ASBJ Statement No. 11, October 17, 2006) and the “Guidance on Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13, October 17, 2006).

However, the adoption of the above ASBJ pronouncements does not change the scope of disclosure.

Per Share Information

(Yen)

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)		FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)	
Net assets per share	1,643.38	Net assets per share	1,403.85
Net income per share	90.79	Net income per share	0.77
Diluted net income per share	89.85	Diluted net income per share	0.76

Note: The following is a reconciliation of net income per share and diluted net income per share.

(Thousands of yen)

	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Net income per share		
Net income	291,280	2,408
Amount not available to common shareholders	-	-
Net income available to common stock	291,280	2,408
Average number of shares outstanding during the period	3,208 thousand shares	3,147 thousand shares
Diluted net income per share		
Adjusted net income	-	-
Increase in the number of common stock	33 thousand shares	16 thousand shares
(Of which stock acquisition rights)	(33 thousand shares)	(16 thousand shares)

Material Subsequent Events

Not applicable.

5. Non-consolidated Financial Statements

(1) Balance Sheets

(Thousands of yen)

	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Assets		
Current assets		
Cash and deposits	1,479,037	1,944,674
Notes receivable -trade	1,180,079	635,476
Accounts receivable -trade	*1 2,153,374	*1 1,249,177
Merchandise	12,954	9,804
Finished goods	224,666	147,313
Raw materials	224,461	199,230
Work in process	189,777	516,074
Supplies	4,177	3,688
Advance payments	1,177	-
Prepaid expenses	38,244	29,246
Deferred tax assets -current	119,621	92,283
Accounts receivable -other	-	*4 209,103
Other current assets	35,773	1,791
Allowance for doubtful accounts	(12,360)	(7,466)
Total current assets	5,650,985	5,030,396
Fixed assets		
Property, plant and equipment		
Buildings	*2 2,129,092	*2 2,175,995
Accumulated depreciation	(461,405)	(535,791)
Buildings, net	*2 1,667,687	*2 1,640,204
Structures	*2 100,924	*2 102,870
Accumulated depreciation	(53,739)	(60,050)
Structures, net	*2 47,184	*2 42,819
Machinery and equipment	*2 978,481	*2 991,559
Accumulated depreciation	(809,939)	(831,667)
Machinery and equipment, net	*2 168,541	*2 159,891
Vehicles	*2 49,080	*2 49,080
Accumulated depreciation	(46,128)	(47,297)
Vehicles, net	*2 2,951	*2 1,782
Tools, furniture and fixtures	*2 851,313	*2 935,210
Accumulated depreciation	(634,307)	(705,444)
Tools, furniture and fixtures, net	*2 217,005	*2 229,766
Land	672,824	672,824
Lease assets	175,337	175,337
Accumulated depreciation	(4,383)	(13,150)
Lease assets, net	170,953	162,186
Construction in progress	-	62,299
Total property, plant and equipment	2,947,148	2,971,774

	(Thousands of yen)	
	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Intangible fixed assets		
Right of trademark	-	4,425
Software	5,220	47,389
Total intangible fixed assets	5,220	51,815
Investments and other assets		
Investment securities	701,641	698,368
Stocks of subsidiaries and affiliates	671,285	671,285
Investments in capital	1,200	1,200
Investments in capital of subsidiaries and affiliates	251,965	358,465
Long-term loans receivable from subsidiaries and affiliates	-	29,178
Claims provable in bankruptcy, claims provable in rehabilitation and other	24,356	10,662
Long-term prepaid expense	117,205	102,386
Deferred tax assets -non-current	76,916	156,318
Lease and guarantee deposits	199,910	200,886
Allowance for doubtful accounts	(24,356)	(10,770)
Total investments and other assets	2,020,124	2,217,979
Total fixed assets	4,972,493	5,241,569
Total assets	10,623,478	10,271,966
Liabilities		
Current liabilities		
Notes payable -trade	331,028	382,580
Accounts payable -trade	1,578,102	1,038,509
Short-term loans payable	165,000	419,000
Current portion of long-term loans payable	648,000	548,004
Lease obligations -current	5,570	5,927
Accounts payable-other	238,168	213,475
Accrued expenses	45,472	38,881
Accrued income taxes	6,700	-
Advances received	301,882	675,048
Deposits received	14,354	36,126
Reserve for bonuses	210,153	167,923
Other current liabilities	1,300	13,274
Total current liabilities	3,545,731	3,538,751
Long-term liabilities		
Long-term loans payable	1,147,000	1,565,662
Lease obligations -non-current	183,830	177,903
Reserve for retirement benefits	439,042	420,352
Long-term accounts payable-other	101,782	93,635
Total long-term liabilities	1,871,655	2,257,553
Total liabilities	5,417,387	5,796,305

	(Thousands of yen)	
	FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
Net assets		
Shareholders' equity		
Capital stock	910,562	922,562
Capital surplus		
Legal capital surplus	863,211	875,211
Total capital surplus	863,211	875,211
Retained earnings		
Legal retained earnings	50,000	50,000
Other retained earnings		
Reserve for reduction entry	332,999	326,090
General reserve	2,500,000	2,500,000
Retained earnings brought forward	653,247	353,003
Total retained earnings	3,536,247	3,229,094
Treasury stock	(592)	(346,293)
Total shareholders' equity	5,309,429	4,680,574
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(103,337)	(202,308)
Deferred gains or losses on hedges	-	(2,605)
Total valuation and translation adjustments	(103,337)	(204,913)
Total net assets	5,206,091	4,475,661
Total liabilities and net assets	10,623,478	10,271,966

(2) Statements of Income

(Thousands of yen)

	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Sales		
Sales of finished goods	8,576,263	7,706,192
Sales of merchandise	1,131,910	1,014,968
Total sales	9,708,173	8,721,160
Cost of sales		
Beginning finished goods and merchandise	340,110	237,620
Cost of products manufactured	4,341,674	4,001,209
Purchase of finished goods and merchandise	1,161,276	1,087,566
Royalty paid	17,287	11,155
Transfer from other account	-	467
Total	5,860,348	5,338,020
Transfer to other account	*2 67,926	*2 18,347
Ending finished goods and merchandise	237,620	157,117
Total cost of sales	5,554,801	5,162,556
Gross profit on sales	4,153,372	3,558,604
Selling, general and administrative expenses		
Packing and transportation	241,477	183,623
Sales commission	-	189,768
Provision of allowance for doubtful accounts	16,340	-
Directors' remuneration	-	183,371
Salaries and wages	1,026,930	975,965
Bonuses	330,434	317,497
Retirement benefit expenses	86,870	117,724
Welfare expenses	237,412	236,297
Traveling and transportation expenses	239,489	190,686
Depreciation expense	197,316	212,366
Other expenses	1,105,255	801,884
Total selling, general and administrative expenses	*3 3,481,525	*3 3,409,184
Operating income	671,846	149,419
Non-operating income		
Interest income	3,781	5,043
Dividend income	*1 10,133	14,785
Insurance income	241	-
Other non-operating income	3,888	2,675
Total non-operating income	18,045	22,504
Non-operating expenses		
Interest expenses	38,118	43,166
Foreign exchange loss	42,622	31,517
Other non-operating expenses	1,092	18,549
Total non-operating expenses	81,833	93,233
Ordinary income	608,058	78,690

	(Thousands of yen)	
	FY3/08	FY3/09
	(Apr. 1, 2007 - Mar. 31, 2008)	(Apr. 1, 2008 - Mar. 31, 2009)
Extraordinary gains		
Gain on sales of fixed assets	*4 2,684	-
Reversal of allowance for doubtful accounts	-	5,467
Gain on reversal of relocation expenses for R&D center	11,050	-
Reversal of loss on after-care of products	2,699	-
Total extraordinary gains	16,434	5,467
Extraordinary losses		
Loss on sales of fixed assets	*5 3,856	*5 66
Loss on removal of fixed assets	*6 5,816	*6 5,442
Loss on valuation of investment securities	53,241	178,622
Loss on sales of investment securities	1,656	2,822
Total extraordinary losses	64,571	186,954
Income (loss) before income taxes	559,921	(102,796)
Income taxes -current	233,285	8,867
Refund of income taxes	-	(11,003)
Income taxes -deferred	60,502	17,622
Total income taxes	293,788	15,487
Net income (loss)	266,133	(118,283)

Manufacturing Statement

(Thousands of yen)

Account	*	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)		FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)	
		Amount	%	Amount	%
I Material costs		3,086,061	72.5	3,350,374	77.4
II Labor costs		364,119	8.5	389,426	9.0
III Expenses	*2	808,272	19.0	587,707	13.6
Total manufacturing costs		4,258,454	100.0	4,327,508	100.0
Beginning work in process		273,095		189,777	
Total		4,531,549		4,517,285	
Transfer to other accounts	*3	98		1	
Ending work in process		189,777		516,074	
Cost of products manufactured for the period		4,341,674		4,001,209	

(Thousands of yen)

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)								
<p>1. Product costing method</p> <p>(1) Regarding the production of surface treatment chemicals, the Company has adopted actual cost accounting (using pre-determined costs) under the process costing system. The cost variance is charged, in principle, to cost of sales as long as the amount is equal or less than 1% of the total manufacturing cost. Otherwise, the amount of variance is allocated to cost of sales, and finished goods and work in process.</p> <p>(2) Regarding the production of surface treatment machine, the Company has adopted actual cost accounting (using pre-determined costs) under the job-order cost system. The cost variance is charged, in principle, to cost of sales as long as the amount is equal or less than 1% of the total manufacturing cost. Otherwise, the amount of variance is allocated to cost of sales, and finished goods and work in process.</p> <p>The amount of cost variance that was allocated to finished goods and work in process for the current fiscal year is presented as follows.</p> <table> <tr> <td>Finished goods</td> <td>138</td> </tr> <tr> <td>Work in process</td> <td>1,530</td> </tr> </table>	Finished goods	138	Work in process	1,530	<p>1. Product costing method</p> <p>(1) Regarding the production of surface treatment chemicals, the Company has adopted actual cost accounting (using pre-determined costs) under the process costing system. The cost variance is charged, in principle, to cost of sales as long as the amount is equal or less than 1% of the total manufacturing cost. Otherwise, the amount of variance is allocated to cost of sales, and finished goods and work in process.</p> <p>The amount of cost variance that was allocated to finished goods and work in process for the current fiscal year is presented as follows.</p> <table> <tr> <td>Finished goods</td> <td>6,646</td> </tr> <tr> <td>Work in process</td> <td>762</td> </tr> </table> <p>(2) Regarding the production of surface treatment machine, the Company has adopted actual cost accounting (using pre-determined costs) under the job-order cost system. The cost variance is charged, in principle, to cost of sales as long as the amount is equal or less than 1% of the total manufacturing cost. Otherwise, the amount of variance is allocated to cost of sales, and finished goods and work in process.</p>	Finished goods	6,646	Work in process	762
Finished goods	138								
Work in process	1,530								
Finished goods	6,646								
Work in process	762								
<p>*2. Breakdown of expenses</p> <table> <tr> <td>Depreciation expense</td> <td>92,620</td> </tr> <tr> <td>Subcontract expenses</td> <td>545,562</td> </tr> </table>	Depreciation expense	92,620	Subcontract expenses	545,562	<p>*2. Breakdown of expenses</p> <table> <tr> <td>Depreciation expense</td> <td>76,441</td> </tr> <tr> <td>Subcontract expenses</td> <td>327,642</td> </tr> </table>	Depreciation expense	76,441	Subcontract expenses	327,642
Depreciation expense	92,620								
Subcontract expenses	545,562								
Depreciation expense	76,441								
Subcontract expenses	327,642								
<p>*3. Breakdown of transfer to other accounts</p> <table> <tr> <td>Selling, general and administrative expenses</td> <td>98</td> </tr> </table>	Selling, general and administrative expenses	98	<p>*3. Breakdown of transfer to other accounts</p> <table> <tr> <td>Selling, general and administrative expenses</td> <td>1</td> </tr> </table>	Selling, general and administrative expenses	1				
Selling, general and administrative expenses	98								
Selling, general and administrative expenses	1								

(3) Statements of Changes in Shareholders' Equity

	(Thousands of yen)	
	FY3/08	FY3/09
	(Apr. 1, 2007 - Mar. 31, 2008)	(Apr. 1, 2008 - Mar. 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	900,812	910,562
Changes of items during the period		
Issuance of new shares	9,750	12,000
Total changes of items during the period	9,750	12,000
Balance at the end of current period	910,562	922,562
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	853,461	863,211
Changes of items during the period		
Issuance of new shares	9,750	12,000
Total changes of items during the period	9,750	12,000
Balance at the end of current period	863,211	875,211
Total capital surplus		
Balance at the end of previous period	853,461	863,211
Changes of items during the period		
Issuance of new shares	9,750	12,000
Total changes of items during the period	9,750	12,000
Balance at the end of current period	863,211	875,211
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	50,000	50,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	50,000	50,000
Other retained earnings		
Reserve for reduction entry		
Balance at the end of previous period	347,279	332,999
Changes of items during the period		
Reversal of reserve for reduction entry	(14,279)	(6,909)
Total changes of items during the period	(14,279)	(6,909)
Balance at the end of current period	332,999	326,090
General reserve		
Balance at the end of previous period	2,000,000	2,500,000
Changes of items during the period		
Provision of general reserve	500,000	-
Total changes of items during the period	500,000	-
Balance at the end of current period	2,500,000	2,500,000

(Thousands of yen)

	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Retained earnings brought forward		
Balance at the end of previous period	1,049,197	653,247
Changes of items during the period		
Dividends from surplus	(176,362)	(188,869)
Reversal of reserve for reduction entry	14,279	6,909
Provision of general reserve	(500,000)	-
Net income (loss)	266,133	(118,283)
Total changes of items during the period	(395,949)	(300,243)
Balance at the end of current period	653,247	353,003
Total Retained earnings		
Balance at the end of previous period	3,446,476	3,536,247
Changes of items during the period		
Dividends from surplus	(176,362)	(188,869)
Reversal of reserve for reduction entry	-	-
Provision of general reserve	-	-
Net income (loss)	266,133	(118,283)
Total changes of items during the period	89,771	(307,153)
Balance at the end of current period	3,536,247	3,229,094
Treasury stock		
Balance at the end of previous period	(592)	(592)
Changes of items during the period		
Purchase of treasury stock	-	(345,701)
Total changes of items during the period	-	(345,701)
Balance at the end of current period	(592)	(346,293)
Total shareholders' equity		
Balance at the end of previous period	5,200,158	5,309,429
Changes of items during the period		
Issuance of new shares	19,500	24,000
Dividends from surplus	(176,362)	(188,869)
Net income (loss)	266,133	(118,283)
Purchase of treasury stock	-	(345,701)
Total changes of items during the period	109,271	(628,854)
Balance at the end of current period	5,309,429	4,680,574

	(Thousands of yen)	
	FY3/08	FY3/09
	(Apr. 1, 2007 - Mar. 31, 2008)	(Apr. 1, 2008 - Mar. 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(6,565)	(103,337)
Changes of items during the period		
Net changes of items other than shareholders' equity	(96,772)	(98,970)
Total changes of items during the period	(96,772)	(98,970)
Balance at the end of current period	(103,337)	(202,308)
Deferred gains or losses on hedges		
Balance at the end of previous period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	(2,605)
Total changes of items during the period	-	(2,605)
Balance at the end of current period	-	(2,605)
Total valuation and translation adjustments		
Balance at the end of previous period	(6,565)	(103,337)
Changes of items during the period		
Net changes of items other than shareholders' equity	(96,772)	(101,575)
Total changes of items during the period	(96,772)	(101,575)
Balance at the end of current period	(103,337)	(204,913)
Total net assets		
Balance at the end of previous period	5,193,592	5,206,091
Changes of items during the period		
Issuance of new shares	19,500	24,000
Dividends from surplus	(176,362)	(188,869)
Net income (loss)	266,133	(118,283)
Purchase of treasury stock	-	(345,701)
Net changes of items other than shareholders' equity	(96,772)	(101,575)
Total changes of items during the period	12,498	(730,430)
Balance at the end of current period	5,206,091	4,475,661

Conditions and Events that might raise Critical Questions about the Validity of the Going-concern Assumption

Not applicable.

Important Accounting Policies

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
1. Valuation standards and methods for marketable securities	<p>(1) Investment in subsidiaries and affiliates Stated at cost determined by the moving-average method.</p> <p>(2) Available-for sale securities Securities with market quotations Stated at fair value on the balance sheet date. (Valuation difference is included directly in net assets. Cost of securities sold is determined by the moving-average method.) Securities without market quotations Stated at cost determined by the moving-average method.</p>	<p>(1) Investment in subsidiaries and affiliates Same as on the left.</p> <p>(2) Available-for sale securities Securities with market quotations Same as on the left.</p> <p>Securities without market quotations Same as on the left.</p>
2. Valuation standards and methods for derivatives	Stated at fair value.	Stated at fair value.
3. Valuation standards and methods for inventories	<p>(1) Merchandise Stated at cost determined primarily by the specific identification method.</p> <p>(2) Chemicals, work-in-process chemicals, raw materials Stated at cost determined by the monthly-period-average method.</p> <p>(3) Machines, work-in-process machines Stated at cost determined by the specific identification method.</p> <p>(4) Supplies Stated at cost determined by the first-in first-out method.</p>	<p>(1) Merchandise Stated at cost determined primarily by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).</p> <p>(2) Chemicals, work-in-process chemicals, raw materials Stated at cost determined by the monthly-period-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).</p> <p>(3) Machines, work-in-process machines Stated at cost determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).</p> <p>(4) Supplies Stated at cost determined by the first-in first-out method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).</p> <p>(Change in accounting policy) Effective from the current fiscal year, the Company has adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). The impact of the change on operating income, ordinary income and loss before income taxes is minimal.</p>

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)																						
4. Depreciation and amortization of fixed assets	<p>(1) Property, plant and equipment Depreciation of property, plant and equipment is calculated by the declining-balance method, except for lease assets and buildings (excluding attached structures) acquired on or after April 1, 1998 on which depreciation is calculated by the straight-line method.</p> <p>Useful lives of principle assets are as follows:</p> <table data-bbox="480 472 943 663"> <tr> <td>Buildings:</td> <td>3-50 years</td> </tr> <tr> <td>Structures:</td> <td>7-45 years</td> </tr> <tr> <td>Machinery and equipment:</td> <td>5-7 years</td> </tr> <tr> <td>Vehicles:</td> <td>4-7 years</td> </tr> <tr> <td>Tools, furniture and fixtures:</td> <td>2-20 years</td> </tr> <tr> <td>Lease assets:</td> <td>20 years</td> </tr> </table> <p>(Change in accounting policy) Following tax law revisions, the Company depreciates property, plant and equipment acquired on or after April 1, 2007 in line with methods prescribed in the revised Corporate Tax Law. The effect of this change was to decrease operating income, ordinary income and income before income taxes by 16,817 thousand yen each.</p> <p>(Additional information) Following tax law revisions, the Company has adopted the revised Corporate Tax Law and changed the method of depreciation of assets acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporate Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in the depreciation expense. The effect of this change was to decrease operating income, ordinary income and income before income taxes by 4,187 thousand yen each.</p> <p>(2) Intangible fixed assets Amortization of intangible fixed assets is calculated by the straight-line method. Software for internal use is amortized over an expected useful life of five years by the straight-line method.</p>	Buildings:	3-50 years	Structures:	7-45 years	Machinery and equipment:	5-7 years	Vehicles:	4-7 years	Tools, furniture and fixtures:	2-20 years	Lease assets:	20 years	<p>(1) Property, plant and equipment (excluding lease assets) Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998 on which depreciation is calculated by the straight-line method.</p> <p>Useful lives of principle assets are as follows:</p> <table data-bbox="971 506 1437 663"> <tr> <td>Buildings:</td> <td>3-50 years</td> </tr> <tr> <td>Structures:</td> <td>7-45 years</td> </tr> <tr> <td>Machinery and equipment:</td> <td>5-8 years</td> </tr> <tr> <td>Vehicles:</td> <td>4-7 years</td> </tr> <tr> <td>Tools, furniture and fixtures:</td> <td>2-20 years</td> </tr> </table> <p>(2) Intangible fixed assets (excluding lease assets) Same as on the left.</p>	Buildings:	3-50 years	Structures:	7-45 years	Machinery and equipment:	5-8 years	Vehicles:	4-7 years	Tools, furniture and fixtures:	2-20 years
Buildings:	3-50 years																							
Structures:	7-45 years																							
Machinery and equipment:	5-7 years																							
Vehicles:	4-7 years																							
Tools, furniture and fixtures:	2-20 years																							
Lease assets:	20 years																							
Buildings:	3-50 years																							
Structures:	7-45 years																							
Machinery and equipment:	5-8 years																							
Vehicles:	4-7 years																							
Tools, furniture and fixtures:	2-20 years																							

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
	<p>(3) _____</p> <p>(4) Long-term prepaid expenses Amortization of long-term prepaid expenses is calculated by the straight-line method.</p>	<p>(3) Lease assets Lease assets associated with finance leases where there is transfer of ownership The same method as depreciation method used for fixed assets held by the Company is applied. Lease assets associated with finance leases where there is no transfer of ownership The straight-line method with no residual value is applied with the lease period used as the useful life of the asset. For finance lease transactions where there is no transfer of ownership on or before March 31, 2008, the Company uses an accounting method that is based on the method used for ordinary lease transactions.</p> <p>(4) Long-term prepaid expenses Same as on the left.</p>
5. Accounting for deferred assets	<p>Stock issue expenses Stock issue expenses are changed to income as accrued.</p>	<p>Stock issue expenses Same as on the left.</p>
6. Translation of foreign currency-denominated assets and liabilities	<p>Foreign currency monetary assets and liabilities are translated into yen at the spot rate of exchange prevailing at the consolidated balance sheet date and the resulting translation gains or losses are included in the determination of income/loss for the period.</p>	<p>Same as on the left.</p>
7. Recognition of allowances	<p>(1) Allowance for doubtful accounts Allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.</p> <p>(2) Reserve for bonuses To provide for employee bonus obligation, an amount accrued for the current fiscal year among the estimated future obligations is designated in the reserve account.</p> <p>(3) Reserve for retirement benefits To provide for employee retirement benefit allowance, an amount determined by the simple method on the basis of the projected benefit obligation (represents of liability the Company would be required to pay if all eligible employees retired on the balance sheet date) is designated in the reserve account.</p>	<p>(1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Reserve for bonuses Same as on the left.</p> <p>(3) Reserve for retirement benefits Same as on the left.</p>

Item	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
8. Accounting for leases	Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by the method similar to that applicable to ordinary operating leases.	—————
9. Accounting for hedges	<p>(1) Hedge accounting The Company applies the deferred hedge accounting method. With respect to foreign currency risk, a hedge is accounted by the short-cut method if the hedging relationship meets certain criteria.</p> <p>(2) Hedging instrument and risk hedged Hedging instrument: Forward exchange contracts Risk hedged: Foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions</p> <p>(3) Hedging policy The Company uses forward exchange contracts to reduce exposure to market risks from fluctuations in exchange rates on foreign currency-denominated trading transactions and foreign currency-denominated forecasted transactions.</p> <p>(4) Evaluation method for effectiveness of hedging Effectiveness is assessed by rate analysis of the sum total of price fluctuation involving hedging instrument and risk hedged. However, effectiveness of forward exchange contracts accounted by the short-cut method is not assessed.</p>	<p>(1) Hedge accounting Same as on the left.</p> <p>(2) Hedging instrument and risk hedged Hedging instrument: Same as on the left. Risk hedged: Same as on the left.</p> <p>(3) Hedging policy Same as on the left.</p> <p>(4) Evaluation method for effectiveness of hedging Same as on the left.</p>
10. Other significant accounting policies	Accounting for consumption taxes All amounts stated are exclusive of consumption taxes.	Accounting for consumption taxes Same as on the left.

Change in Significant Accounting Policies

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
	<p>(Accounting Standards for Lease Transactions) In prior years, the Company accounted for finance leases where there is no transfer of ownership primarily as ordinary lease transactions for accounting purposes. However, the Company has adopted “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan); and “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan) from the current fiscal year, using an accounting method for leases that is based on the method used for ordinary purchases and sales.</p> <p>For finance leases where there is no transfer of ownership beginning prior to the fiscal year when these standards are first applied, the Company continues to use an accounting method that is based on the method used for ordinary lease transactions. There is no effect on operating income, ordinary income, and income before income taxes and minority interests.</p>

Reclassifications

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
<p>(Statements of income) “Dividend income,” included in “Other non-operating income” in prior periods, has been reclassified and presented as a separate line item, given that it now represents more than 10/100 of total non-operating income. “Dividend income” in the previous fiscal year totaled 390 thousand yen.</p>	<p>(Balance sheets) “Accounts receivable-other,” included in “Other current assets” in prior periods, has been reclassified and presented as a separate line item, given that it now represents more than 1/100 of total assets. “Accounts receivable-other” in the previous fiscal year totaled 32,353 thousand yen.</p> <p>(Statements of income) “Sales commission” and “Directors’ remuneration,” included in “Other expenses” under selling, general and administrative expenses in prior periods, have been reclassified and presented as a separate line item, given that it now represents more than 5/100 of total selling, general and administrative expenses. “Sales commission” and “Directors’ remuneration” in the previous fiscal year totaled 58,561 thousand yen and 153,750 thousand yen, respectively.</p>

Notes to Statements of Income

(Thousands of yen)

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
*1. Related to transaction with affiliates Dividend income from affiliates 2,865	*1. _____
*2. Breakdown of transfer balance to other accounts Transfer from establishment of subsidiary 52,462 Selling, general and administrative expenses 12,703 Other 2,760 <u>Total 67,926</u>	*2. Breakdown of transfer balance to other accounts Selling, general and administrative expenses 14,360 Other 3,987 <u>Total 18,347</u>
*3. Total R&D expenses R&D cost included in general administrative expenses 470,471	*3. Total R&D expenses R&D cost included in general administrative expenses 651,324
*4. Breakdown of gain on sales of fixed assets Vehicles 466 Tools, furniture and fixtures 2,218 <u>Total 2,684</u>	*4. _____
*5. Breakdown of loss on sales of fixed assets Buildings 3,007 Tools, furniture and fixtures 848 <u>Total 3,856</u>	*5. Breakdown of loss on sales of fixed assets Tools, furniture and fixtures 66
*6. Breakdown of loss on removal of fixed assets Buildings 310 Machinery and equipment 322 Vehicles 229 Tools, furniture and fixtures 4,953 <u>Total 5,816</u>	*6. Breakdown of loss on removal of fixed assets Buildings 213 Machinery and equipment 3,509 Tools, furniture and fixtures 1,719 <u>Total 5,442</u>

Notes to Statements of Changes in Shareholders' Equity

FY3/08 (Apr. 1, 2007 – Mar. 31, 2008)

Type and number of treasury stock

	Number of shares as of Mar. 31, 2007 (shares)	Increase during the fiscal year (shares)	Decrease during the fiscal year (shares)	Number of shares as of Mar. 31, 2008 (shares)
Common stock	100	-	-	100
Total	100	-	-	100

FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

Type and number of treasury stock

	Number of shares as of Mar. 31, 2008 (shares)	Increase during the fiscal year (shares)	Decrease during the fiscal year (shares)	Number of shares as of Mar. 31, 2009 (shares)
Common stock (Note)	100	157,137	-	157,237
Total	100	157,137	-	157,237

Note: The increase in the number of common stock of treasury stock (157,137 shares) is due to the purchase of treasury stock based on the Board of Directors' resolution (157,000 shares) and the purchase of odd-lot shares (137 shares).

Leases

(Thousands of yen)

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Finance lease transactions other than those in which the title of the leased property is transferred to the lessee	Finance lease transactions where there is no transfer of ownership executed before the first fiscal year for which the accounting standard for lease transactions has become applicable (transactions accounted for by the lessee)
1. Acquisition cost equivalents, accumulated depreciation equivalents, accumulated impairment loss equivalents and year-end balance equivalents of the leased property	1. Acquisition cost equivalents, accumulated depreciation equivalents, accumulated impairment loss equivalents and year-end balance equivalents of the leased property
Tools, furniture and fixtures:	Tools, furniture and fixtures:
Acquisition cost equivalents 124,137	Acquisition cost equivalents 72,082
Accumulated depreciation equivalents 55,555	Accumulated depreciation equivalents 27,967
Year-end balance equivalents 68,581	Year-end balance equivalents 44,114
Software:	Software:
Acquisition cost equivalents 34,369	Acquisition cost equivalents 34,369
Accumulated depreciation equivalents 4,694	Accumulated depreciation equivalents 11,642
Year-end balance equivalents 29,674	Year-end balance equivalents 22,727
Total:	Total:
Acquisition cost equivalents 158,507	Acquisition cost equivalents 106,452
Accumulated depreciation equivalents 60,250	Accumulated depreciation equivalents 39,609
Year-end balance equivalents 98,256	Year-end balance equivalents 66,842
2. Year-end balance equivalents of outstanding lease commitments	2. Year-end balance equivalents of outstanding lease commitments
Within one year 31,125	Within one year 21,405
Over one year 68,261	Over one year 46,856
Total 99,387	Total 68,261
3. Lease payments, reversal from lease asset impairment, depreciation, interest equivalents, and impairment losses	3. Lease payments, reversal from lease asset impairment, depreciation, interest equivalents, and impairment losses
Lease payments 33,659	Lease payments 33,067
Depreciation equivalents 32,053	Depreciation equivalents 31,414
Interest equivalents 2,228	Interest equivalents 1,941
4. Calculating depreciation equivalents	4. Calculating depreciation equivalents
Depreciation equivalents are calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.	Same as on the left.
5. Calculating interest equivalents	5. Calculating interest equivalents
Interest equivalents are defined as the difference between the total lease payments and acquisition cost equivalents and are allocated for each period using the simple-interest method.	Same as on the left.
(Impairment losses)	(Impairment losses)
There are no impairment losses on leased asset-impairment account.	Same as on the left.

Marketable Securities

FY3/08 (As of Mar. 31, 2008)

FY3/09 (As of Mar. 31, 2009)

The Company did not hold subsidiary and affiliate stocks with market value.

Deferred Tax Accounting

(Thousands of yen)

FY3/08 (As of Mar. 31, 2008)	FY3/09 (As of Mar. 31, 2009)
1. Significant components of deferred tax assets and liabilities	1. Significant components of deferred tax assets and liabilities
Deferred tax assets	Deferred tax assets
Accrued enterprise tax denied 2,726	Reserve for bonuses denied 68,327
Reserve for bonuses denied 85,511	Reserve for retirement benefits denied 171,041
Reserve for retirement benefits denied 179,068	Long-term accounts payable -other denied 38,100
Long-term accounts payable -other denied 41,415	Depreciation in excess of tax allowance 12,336
Depreciation in excess of tax allowance 10,081	Loss on valuation of investment securities denied 117,422
Loss on valuation of investment securities denied 93,099	Valuation difference on available-for-sale securities 138,794
Valuation difference on available-for-sale securities 70,895	Other 88,527
Other 71,490	
Deferred tax assets -subtotal 554,288	Deferred tax assets -subtotal 634,550
Less valuation allowance (129,293)	Less valuation allowance (158,895)
Deferred tax assets -total 424,994	Deferred tax assets -total 475,654
Deferred tax liabilities	Deferred tax liabilities
Reserve for reduction entry 228,456	Accrued enterprise tax 3,336
	Reserve for reduction entry 223,716
Deferred tax liabilities -total 228,456	Deferred tax liabilities -total 227,052
Deferred tax assets -net 196,538	Deferred tax assets -net 248,601
2. Significant components of difference between statutory and effective tax rates	2. Significant components of difference between statutory and effective tax rates
Statutory tax rate 40.69%	Details are not presented since the Company reported a loss before income taxes.
(Adjusted)	
Permanent differences such as entertainment expenses 6.73	
Valuation allowance 9.88	
Special deduction on R&D expenses (3.79)	
Prior-year income taxes (2.87)	
Per capita residential tax 1.92	
Other (0.09)	
Effective tax rate 52.47	

Per Share Information

(Yen)

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)		FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)	
Net assets per share	1,617.60	Net assets per share	1,446.91
Net income per share	82.95	Net loss per share	37.58
Diluted net income per share	82.10	Diluted net income per share is not presented since the Company has outstanding dilutive securities, though posted a net loss.	

Note: The following is a reconciliation of net income (loss) per share and diluted net income per share.

(Thousands of yen)

	FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
Net income (loss) per share		
Net income (loss)	266,133	(118,283)
Amount not available to common shareholders	-	-
Net income (loss) available to common stock	266,133	(118,283)
Average number of shares outstanding during the period	3,208 thousand shares	3,147 thousand shares
Diluted net income per share		
Adjusted net income	-	-
Increase in the number of common stock	33 thousand shares	-
(Of which stock acquisition rights)	(33 thousand shares)	(-)

Material Subsequent Events

FY3/08 (Apr. 1, 2007 - Mar. 31, 2008)	FY3/09 (Apr. 1, 2008 - Mar. 31, 2009)
<p>Increase in equity of significant subsidiary</p> <p>The Company's Board of Directors meeting held on April 25, 2008 approved the resolution to increase equity in consolidated subsidiary. Details are as follows.</p> <p>1. Purpose Increase of funds demand due to expansion of business operations.</p> <p>2. Detail (1) Payment amount: 100,000 thousand yen (2) Payment date: July 2008 (schedule)</p> <p>3. Summary of the consolidated subsidiary (1) Name: EBARA-UDYLITE (SHANGHAI) TRADING CO., LTD. (2) Business: Sale of surface treatment chemicals and machines (3) Capital: 293,518 thousand yen (after the capital increase) (4) Equity ownership: Wholly owned by the Company</p>	<p>—————</p>

* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.