Sumitomo Heavy Industries, Ltd.

CONSOLIDATED FINANCIAL REPORT

For the Full Year Ended March 31, 2009

All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document has been translated from the Japanese original as a guide to non-Japanese investors and contains forward-looking statements that are based on management's estimates, assumptions, and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Amounts shown in this financial statement have been rounded to the nearest million yen.

Summary of Consolidated Financial Results

For the Full Year Ended March 31, 2009
Presented May 11, 2009

Sumitomo Heavy Industries, Ltd.

Listed exchanges	Tokyo Stock Exchange, Osaka Securities Exchange
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Scheduled date of ordinary shareholders' meeting	June 26, 2009
Scheduled date of securities report filing	June 26, 2009
Scheduled date of payment of cash dividends	--

1. FY 2009 Consolidated Results *(April 1, 2008 to March 31, 2009)*

(1) Business Results

(Units: millions of yen)

	Current Full Term April 1, 2008 to March 31, 2009		Previous Full Term April 1, 2007 to March 31, 2008	
		% change		% change
Net sales	642,918	(2.7)	660,769	10.1
Operating income	56,940	(26.8)	77,790	21.1
Ordinary income	50,275	(33.4)	75,469	15.5
Net income	13,649	(68.2)	42,974	15.1
Net income per share (yen)	22.62		71.19	
Fully diluted net income per share	--		--	
Return on equity (ROE, %)	5.9		19.5	
Return on assets (%)	7.5		11.8	
Ordinary Income to net sales (%)	8.9		11.8	

Note:

Equity method investment profit and loss:
Fiscal year ended March 31, 2009: 755 million yen
Fiscal year ended March 31, 2008: 2,436 million yen

(2) Financial Position

(Units: millions of yen)

	End of Current Full Year As of March 31, 2009	End of Previous Full Year As of March 31, 2008
Total assets	657,436	678,634
Shareholders' equity	238,697	246,371
Equity ratio (%)	34.8	34.9
Net assets per share (yen)	378.78	392.80

Note:
Equity:
Fiscal year ended March 31, 2009: 228,581 million yen
Fiscal year ended March 31, 2008: 237,084 million yen

(3) Cash Flows

(Units: millions of yen)

	Current Full Year April 1, 2008 to March 31, 2009	Previous Full Year April 1, 2007 to March 31, 2008
Cash flows from operating activities	34,676	29,096
Cash flows from investing activities	(35,924)	(41,250)
Cash flows from financing activities	15,625	(5,238)
Cash and cash equivalents at period end	42,414	29,879

2. Dividends

(Units: yen)

	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ended March 31, 2010 (forecast)
Annual dividends per share			
First quarter	--	--	--
Second quarter	5.00	6.00	0.00
Third quarter	--	--	--
End of term	5.00	0.00	--
Annual dividends	10.00	6.00	--
Total dividends (millions of yen)	6,036	3,621	
Payout ratio (consolidated, %)	14.0	26.5	--
Net assets dividend yield (consolidated, %)	2.7	1.6	

Note:
The Company has established March 31 and September 30 as the dates of record for dividends in the Articles of Incorporation. However, in regard to the fiscal year ending March 2010, there shall be no dividend for the September 30 date of record. Further, the dividend for the March 31 date of record is yet to be determined.

3. FY 2010 Consolidated Forecasts *(April 1, 2009 to March 31, 2010)*

(Units: millions of yen)

	Second Quarter (Cumulative) April 1, 2009 to Sept. 31, 2009		Full Year April 1, 2009 to March 31, 2010	
		% change		% change
Net sales	250,000	(26.6)	530,000	(17.6)
Operating income	0	(100.0)	14,000	(75.4)
Ordinary income	(2,500)	--	10,000	(80.1)
Net income	(3,000)	--	3,500	(74.4)
Projected net income per share (yen)	(4.97)		5.80	

4. Additional Notes

(1) Transfers of important subsidiaries during the fiscal period (transfer of a specific subsidiary due to change in scope of consolidation): None

Newly consolidated: 0 companies

Excluded from consolidation: 0 companies

(2) Changes in principles, procedures, and presentation of accounting treatment in preparing consolidated financial statements (list of changes to the basis for presenting consolidated financial statements)

(i) Changes resulting from revisions to accounting standards, etc.: Yes

(ii) Changes other than (i): None

Note: For further details, refer to page 25, 7.Revisions to Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements

(3) Number of shares issued (common shares)

(i) Number of shares issued at end of fiscal period (including treasury stock):

As of March 31, 2009 605,726,394 shares
As of March 31, 2008 605,726,394 shares

(ii) Number of treasury shares at end of fiscal period

As of March 31, 2009 2,259,483 shares
As of March 31, 2008 2,144,702 shares

I. Results of Operations

1. Analysis of Operating Results

(1) Summary of Economic Climate during the Consolidated Fiscal Year

During the consolidated fiscal year under review, despite the sharp continued increase in crude oil and raw material prices, the Japanese economy trended mostly positively for the first half of the year. However, after September, the global financial crisis led to a significant decline in capital expenditures in the automobile, electrical and semiconductor sectors. Further, extreme exchange rate fluctuations negatively impacted the revenues of export-reliant companies in a significant manner. The combination of these two factors led to a rapid worsening of the domestic economy. Overseas markets did not fare any better with the economies in the US and Europe facing an even deeper economic downturn triggered by turmoil in the financial markets. Emerging economies such as China and India also saw a softening of the rapid growth rates seen in recent years.

With this business environment as the backdrop, the Sumitomo Heavy Industries Group (hereinafter, "the Group") bucked the trend by achieving steady sales growth in the Environmental Protection Facilities, Plants and Other Segment; the Ships, Steel Structures and Other Specialized Equipment Segment; and the Industrial Machinery Segment, with the backlog of orders in these three segments being quite strong. Unfortunately, this trend did not manifest itself in the Mass-Produced Machinery Segment and the Construction Machinery Segment where sales saw a significant year-on-year decline.

The Group's outlook is for a long-term continuation of the simultaneous global recession. For this reason, large-scale investments that were included in the medium-term management plan that commenced this consolidated fiscal year under review have been put on hold for the time being. Instead, the Group has made securing base revenues as the most pressing strategy to implement.

During the consolidated fiscal year under review, the Group emphasized the following measures not only as part of its management strategy, but also in response to the worsening business environment.

(i) Responding to Changes in the Business Environment

The impact of the simultaneous global recession is not only being felt in the Japanese, US and European economies but also in the BRIC countries (Brazil, Russia, India, and China) where rapid growth rates have softened recently. The impact is also being felt in the resources, energy, and infrastructure sectors where growth was anticipated to occur prior to the recession. In response to these changes in the business environment, the Group worked to reduce fixed costs by announcing employee layoffs in certain segments. Further, efforts were made to optimize human resources by transferring employees from the Mass-Produced Machinery Segment to other segments where the impact of the recession was comparatively low.

(ii) Continued Expansion of Global Projects

The Group continued to strengthen its overseas network of production, sales, and service locations. For example, during the consolidated fiscal year, a new production plant built in China's Tangshan City began the manufacturing of gear boxes and hydraulic excavators. Further, efforts were made to continue enhancing the supply chain as exemplified in the expansion activities carried out at the gear motor plant in Vietnam.

Also, the Group made an offer to acquire the shares of SEN Corporation, an SHI and Axcelis Company (on April 1, 2009, the name of the company was changed to SEN Corporation; hereafter referred to as "SEN") from its joint-venture partner, the US-based semiconductor equipment manufacturer, Axcelis Technologies, Inc. SEN is a manufacturer of ion implanters, a type of device typically used in the semiconductor manufacturing process. Although negotiations on this matter continued during the consolidated fiscal year, discussions were terminated due to the rapid decline of the semiconductor market.

Later on during the year, the Group received a separate request from Axcelis Technologies, Inc. to sell its shares in SEN. After fruitful negotiations, an agreement was reached whereby the Group would acquire the Axcelis-held shares and its interests in related patents and sales rights for the ion implanters. This move makes it possible for the Group to manage SEN in an agile manner, take advantage of potential synergies with other cutting-edge technologies held by the Group, and prepare for the exclusive sale of ion implanters to the global market.

In the Plastics Machinery area, the Group continued to strengthen its global product supply system, an area where strengthening was especially required in the Europe and US markets. This was achieved mainly through the transitioning of Sumitomo (SHI) Demag Plastics Machinery GmbH (the name of the company was changed from Demag Ergotech GmbH through the acquisition) into the Group's business activities.

As the above measures show, the Group worked hard to strengthen its business make-up during the consolidated fiscal year despite the downturn in the global economy.

(iii) Increasing Management Efficiency through Innovation

In addition to improving product innovation to promote the development of first-class products, the Group also worked to inject innovation into the development, design, manufacturing, and sales process during the consolidated fiscal year to cement its competitive superiority in the marketplace. One principle example of these efforts is the progress being made to implement the Toyota Production System (TPS) in the manufacturing division.

(iv) Early Detection of Positive Effects Made by Recent Capital Expenditures

In overseas markets, the Group made efforts to improve its global supply chain mainly in the Mass-Produced Machinery Segment and Construction Machinery Segment. Further, efforts were made to increase the cost competitiveness of its production facilities in China and Vietnam, and increase manufacturing output of construction cranes in the US.

(v) Full Implementation of Compliance Measures

The Group has been actively implementing compliance and risk management measures in the spirit of Sumitomo's business philosophy. During the consolidated fiscal year under review, internal control systems were also introduced into the operations of overseas subsidiaries, and further efforts were made with the goal to be recognized as a "Global Company of Excellence" in the eyes of stakeholders.

Despite these efforts, the fiscal year under review saw orders decrease by 16% from the previous fiscal year to finish at JPY600.7 billion and sales decrease by 3% from the previous fiscal year to finish at JPY642.9 billion on a consolidated basis.

From the standpoint of profit and loss, the fiscal year under review saw operating income decrease by 27% from the previous fiscal year to finish at JPY56.9 billion, and ordinary income decrease by 33% from the previous fiscal year to finish at JPY50.3 billion on a consolidated basis. Moreover, consolidated net income decreased by 68% from the previous fiscal year to finish at JPY13.6 billion as the Group accounted for several extraordinary losses including losses arising from the devaluation of marketable securities. Finally, after-tax ROIC* was 9.6%.

On a non-consolidated basis, the fiscal year under review saw orders finish at JPY221.5 billion, sales finish at JPY241.5 billion, operating income finish at JPY10.8 billion, and ordinary income finish at JPY14.8 billion. Further, the Group recorded a non-consolidated net loss of JPY10.7 billion for the fiscal year under review.

In regards to dividends from retained earnings for the consolidated fiscal year under review, considerations were made to the fact that Group profit levels had declined, a loss was recorded on a non-consolidated basis, and the business climate for the upcoming fiscal year is projected to remain challenging. With these considerations in mind, full-year dividends were reduced by JPY4 from the previous year to JPY6 per share. Taking into account that the Group already implemented an interim dividend offering of JPY6 per share, there will no distribution of dividends at the end of the consolidated fiscal year (March 31, 2009).

*The ROIC (Return on Invested Capital) for the Group is calculated based on the following numerical formula:

$$\text{ROIC} = \frac{\text{(Operating Income + Interest Income/Dividend Income) x 55\% (1 – Effective Tax Rate)}}{\text{(Average Shareholder Equity for the Fiscal Year) + (Average Interest-Bearing Liabilities for the Fiscal Year)}}$$

(2) Group Results by Segment

(i) Mass-Produced Machinery

The Power Transmission Equipment business was impacted by the sudden downturn in the economic environment, and as a result, most equipment types with the exception of large-scale models saw a decline in orders and sales.

The Plastics Machinery business also saw a decline in orders due to the significantly worsened market conditions in the electronics and automobile sectors. However, sales increased from the previous year mainly due to the positive impact from the acquisition of a foreign subsidiary made in the previous fiscal year.

Other businesses in this segment saw a decline in orders and sales mainly due to the rapid worsening of market conditions in the electronic machinery and semiconductor sectors. One positive note is in the area of proton-based cancer treatment systems where the Group received a large-scale order during the consolidated fiscal year under review.

As a result, the segment as a whole saw orders decrease by 19% from the previous fiscal year to finish at JPY200.8 billion, and sales decrease by 2% from the previous fiscal year to finish at JPY227.2 billion. Operating income for the segment decreased by 56% from the previous fiscal year to finish at JPY12.3 billion.

(ii) Environmental Protection Facilities, Plant and Others Segment

The Energy Plant business was able to capture orders for industrial power boilers from the domestic market and air pollution prevention equipment from the overseas markets during the fiscal year under review. As a result, order levels remained roughly unchanged from the previous fiscal year. Unfortunately, sales finished lower as compared to the previous fiscal year.

The Water Treatment Plant business saw a decline in orders mainly due to a fall in private-sector demand. On the other hand, sales in this sector increased due to the fact that there was a healthy pipeline of orders carried over from the previous fiscal year.

As a result, the segment as a whole saw orders decrease by 8% from the previous fiscal year to finish at JPY84.2 billion, and sales increase by 2% from the previous fiscal year to JPY92.6 billion. Operating income for the segment increased by 55% from the previous fiscal year to finish at JPY10.7 billion.

(iii) Ships, Steel Structures & Other Specialized Equipment Segment

The Ship business was heavily impacted by the major decline in market conditions. Orders for ships remained unchanged from the seven (7) received during the first half of the fiscal year. Despite this fact, efforts to increase productivity implemented during the year resulted in the handing over of eight (8) medium-scale tanker vessels, an increase of one (1) vessel from the previous fiscal year.

The Steel Structures and Machinery business saw a decline in orders as compared to the previous fiscal year mainly due to the significantly worsened market conditions in the petrochemical industry. On the other hand, sales in this sector increased due to the fact that there was a healthy pipeline of orders carried over from the previous fiscal year.

As a result, the segment as a whole saw orders decrease by 14% to finish at JPY78.1 billion, and sales increase by 4% to JPY79.6 billion. Operating income for the segment decreased by 11% from the previous fiscal year to finish at JPY12.6 billion.

(iv) Industrial Machinery Segment

The Transportation Machinery business saw a rise in orders from steelmakers but a decline in orders from shipbuilders. As a result, orders declined as compared to the previous fiscal year. On the other hand, sales in this sector increased from the previous fiscal year due to the fact that there was a healthy pipeline of orders carried over.

The Turbine and Pump business saw a slowdown in the second half of the year. However, strong sales of biomass-based power generating turbines to emerging countries facing tight supply and demand in their respective power sectors buffered this trend. As a result, orders in this segment were generally flat as compared to the previous fiscal year and sales increased as compared to the previous fiscal year.

For the segment as a whole, orders remained roughly flat from the previous fiscal year to finish at JPY98.8 billion, and sales increased by 4% from the previous fiscal year to finish at JPY84.3 billion. Operating income for the segment increased by 12% from the previous fiscal year to finish at JPY13.6 billion.

(v) Construction Machinery Segment

The Hydraulic Excavator business trended well during the first half of the fiscal year under review, but during the second half the simultaneous global downturn put significant downward pressure on demand and order levels declined. The rapid fall in demand for orders in the business meant that sales levels were hit hard during the second half of the year and this trend carried over to a full-year decline in sales.

The Crane business also saw a decline in orders as compared to the previous fiscal year mainly due to the global economic downturn and its effect on the North American infrastructure sector. Despite this, the business was able to maintain sales at roughly the same levels as the previous fiscal year.

As a result, the segment as a whole saw orders decrease by 26% from the previous fiscal year to finish at JPY138.8 billion and sales decrease by 11% from the previous fiscal year to finish at JPY159.2 billion. Operating income for the segment decreased by 54% from the previous fiscal year to finish at JPY7.5 billion.

(3) Outlook for the Upcoming Fiscal Year (Ending March 31, 2010)

With the global financial crisis as the backdrop, the condition of the Japanese economy rapidly worsened as capital expenditures declined sharply and currency exchange rates showed extreme fluctuations, with the revenues of export-based companies consequently decreasing by a wide margin. Overseas economies also remained in dire straits triggered by turmoil in the financial markets mainly in the US and Europe. Emerging markets were also not spared as growth slowed. As a consequence, global markets continued to exhibit challenging conditions and the outlook is for the long-term continuation of the current simultaneous global downturn. However, the long-term growth outlook for emerging markets such as the BRIC countries remains unchanged, and as such, the basic premise that growth opportunities for the Group continue to lie in overseas markets has not changed.

In this type of economic environment, it is necessary to concede that the aggressive growth goals set forth in the Global 21 Medium-Term Management Plan will likely be difficult to achieve. However, the Group actually sees the current economic downturn and business climate as an opportunity, and will make further efforts to enhance its ability to increase revenues despite a decrease in sales by carrying out the measures introduced in the medium-term management plan.

As of the date this document is published, the outlook for the upcoming fiscal year ending March 31, 2010 is as follows:

Consolidated Results	Amount	Compared to 2008 Fiscal Year
Sales	JPY530 billion	-17.6%
Operating income	JPY14 billion	-75.4%
Ordinary Income	JPY10 billion	-80.1%
Net income	JPY3.5 billion	-74.4%

(The above figures are calculated at an exchange rate of JPY90 against the dollar)

* The above forecast and outlook concerning future financial results are believed to be reasonable based on information available at the time of publication. Actual financial results may vary from the above forecast and outlook due to a variety of factors.

2. Analysis of Financial Condition

Total assets at the end of the consolidated fiscal year stood at JPY657.4 billion, a decrease of JPY21.2 billion from the previous fiscal year. This was mainly due to decreases in accounts receivables from recoveries, devaluation of marketable securities, and a loss on goodwill outweighing the increase in inventory assets, the increase in fixed assets from capital expenditures and the increase in assets relating to the consolidation of SEN into the Group. The amount of outstanding interest-bearing debt increased by JPY20.8 billion from the previous fiscal year to JPY110.3 billion, as the acquisition of SEN resulted in the Group taking on more interest-bearing debt. Moreover, the ratio of outstanding interest-bearing debt to total assets worsened to 16.8% at the end of the consolidated fiscal year. Finally, shareholders' equity decreased by JPY8.5 billion to stand at JPY228.6 billion, a reflection of the Group's business performance for the consolidated fiscal year, with capital stock increasing and the marketable securities valuation difference decreasing.

Cash flow from operating activities was JPY34.7 billion for the consolidated fiscal year, an increase of JPY5.6 billion from the previous fiscal year, with accounts payable decreasing, inventory assets increasing, and accounts receivable decreasing. Cash flow for investing activities was JPY35.9 billion for the consolidated fiscal year, a decrease of JPY5.3 billion from the previous fiscal year, with increases in capital expenditures buffered by decreases in expenses relating to the acquisition of subsidiary shares for the purpose of amending their consolidation status and acquisitions of marketable securities. Cash flow from financing activities was JPY15.6 billion for the consolidated fiscal year, an increase of JPY20.9 billion from the previous fiscal year, with cash outlays for dividend payments being exceeded by the increase in borrowings.

The following table summarizes trends in the cash-flow index of the Group:

	FY2004	FY2005	FY2006	FY2007	FY2008
Shareholders' equity ratio	24.1	29.0	34.1	34.9	34.8
Shareholders' equity ratio on a market price basis	44.6	117.4	118.0	57.3	29.8
Redemption period (years)	3.7	2.5	1.6	3.1	3.2
Interest coverage ratio (multiples)	15.0	21.0	34.1	22.3	21.5

Shareholders' equity ratio = Shareholders' equity ÷ Total assets

Shareholders' equity ratio on market price basis = Total market value of shares ÷ Total assets

Redemption period = Outstanding interest-bearing debt ÷ Operating cash flow

Interest coverage ratio = Operating cash flow ÷ Interest expense

3. Group Policy on Profit Sharing

The Group policy on profit sharing is to pay a dividend amount commensurate to the income earned during the period, and to increase such amount while making an effort to ensure earnings retention sufficient to sustain a stable business model for the long term.

In regards to dividends for the consolidated fiscal year, considerations were made to the fact that Group profit levels had declined, a loss was recorded on a non-consolidated basis, and the business climate for the upcoming fiscal year is expected to remain challenging. With these considerations in mind, full-year dividends were reduced by JPY4 from the previous year to JPY6 per share. Taking into account that the Group already implemented an interim dividend offering of JPY6 per share, there will no distribution of dividends at the end of the consolidated fiscal year (March 31, 2009).

II. Status of the Business Group

The main business areas of the Group and the positioning of major Group companies in such areas are outlined below.

On March 30, 2009, SEN and one other company were consolidated through the acquisition of shares in the respective companies. Further, two companies of relatively limited importance and six companies for which mergers and liquidation activities had been completed were excluded from consolidation.

1. Mass-Produced Machinery Segment

In the area of transmission power equipment, both Sumitomo Heavy Industries and Seisa Gear, Ltd. are responsible for the overall manufacturing and distribution of such products. On a global basis, the responsibility of manufacturing and distribution of the products falls to Sumitomo Machinery Corporation of America in North America; Sumitomo (SHI) Cyclo Drive Germany GmbH in Europe; Sumitomo (SHI) Cyclo Drive Asia Pacific Pte., Ltd. in Southeast Asia; and Sumitomo (SHI) Cyclo Drive China, Ltd. in China. Distribution of the products in Japanese markets is the responsibility of Sumitomo Heavy Industries PTC Sales Co., Ltd.

In the area of plastics machinery equipment, Sumitomo Heavy Industries is responsible for the overall manufacturing and distribution of such products. However, other companies are responsible for the manufacturing, sales, and maintenance of the products on a global basis. They are SHI Plastics Machinery, Ltd., which is responsible for distribution and after-sales service in Japan; SHI Plastics Machinery Inc. of America, which is responsible for the overall manufacturing and distribution of products in North America; and Sumitomo (SHI) Demag Plastics Machinery GmbH, which is responsible for overall operations in Europe.

Sumitomo Heavy Industries is responsible for overall manufacturing and distribution in the areas of laser (processing) systems, cryogenic equipment, precision-positioning devices, accelerators, LCD manufacturing equipment, precision forging and casting, control systems equipment, and defense equipment.

In the area of semiconductor manufacturing equipment, both Sumitomo Heavy Industries and SEN are responsible for overall manufacturing and distribution.

Finally, Sumitomo NACCO Materials Handling Co., Ltd. is responsible for the overall manufacturing and distribution of forklift equipment.

2. Environmental Protection Facilities, Plants and Others Segment

In the areas of boiler systems, industrial waste treatment systems, pulp and paper machinery, and air pollution prevention equipment, both Sumitomo Heavy Industries and Nihon Spindle Manufacturing Co., Ltd. are responsible for overall manufacturing and distribution.

Sumitomo Heavy Industries Environment Co., Ltd. is responsible for the overall manufacturing and distribution of water treatment systems. Further, Sumiju Environmental Engineering Co., Ltd. is responsible for the operation and maintenance (O&M) of industrial waste treatment systems and water treatment systems.

Real estate sales in this segment are handled by Sumitomo Heavy Industries, while Lightwell Co., Ltd. is responsible for the development and distribution of a wide variety of software products.

Finally, Izumi Food Machinery Co., Ltd. is responsible for the overall manufacturing and distribution of food machinery.

3. Ships, Steel Structures and Other Specialized Equipment Segment

Ship manufacturing is carried out by Sumitomo Heavy Industries Marine and Engineering Co., Ltd. while Sumitomo Heavy Industries is responsible for the distribution of such ships. Further, the manufacturing and distribution of reactor vessels is also handled by Sumitomo Heavy Industries.

4. Industrial Machinery Segment

In this segment, Sumitomo Heavy Industries is responsible for the manufacturing and distribution of logistics and handling systems as well as automated parking systems. Sumitomo Heavy Industries Engineering and Services Co., Ltd. is responsible for the overall manufacturing and distribution of material handling systems. Further, the same company is also responsible for the after-sales service of material handling systems along with logistics and handling systems.

Sumitomo Heavy Industries Techno-Fort Co., Ltd. is responsible for the overall manufacturing and distribution of forging machines.

Finally in this segment, Shin Nippon Machinery Co., Ltd. is responsible for the overall manufacturing and distribution of industrial turbines and pumps.

5. Construction Machinery Segment

In the area of hydraulic excavators and road construction machinery, Sumitomo (SHI) Construction Machinery Manufacturing Co., Ltd. is responsible for the manufacturing and distribution of such products to overseas markets while Sumitomo (SHI) Construction Machinery Sales Co., Ltd. is responsible for the distribution for such products to the Japanese market. Both Sumitomo (SHI) Construction Machinery Manufacturing Co., Ltd. and Sumitomo (SHI) Construction Machinery Sales Co., Ltd. fall under the umbrella of Sumitomo (SHI) Construction Machinery Co., Ltd., a holding company.

In the area of cranes, Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd. is responsible for overall development and distribution along with the manufacturing of such products for the Japanese market, while Link-Belt Construction Equipment Company, L.P., LLLP mainly oversees the overall manufacturing and sales functions of such products in North America.

The above-stated status of the business groups is shown on the diagram of businesses in the SHI Group that follows.

Sumitomo Heavy Industries Ltd.

Mass-Produced Machinery

SEISA Gear, Ltd.	Purchase of equipment --------→
Sumitomo Machinery Corporation of America	Supply of components; Based in North America ←--------
Sumitomo (SHI) Cyclo Drive Germany, GmbH	Supply of components; Based in Europe ←--------
Sumitomo (SHI) Cyclo Drive Asia Pacific., Ltd.	Supply of components; Based in Southeast Asia ←--------
SHI Cyclo Drive China, Ltd.	Supply of components; Based in China ←--------
Sumitomo Heavy Industries PTC Sales Co., Ltd.	Distribution of products ←--------
SHI Plastics Machinery, Ltd.	Distribution of products ←--------
SHI Plastics Machinery, Inc. of America	Supply of components Based in North America ←--------
Sumitomo (SHI) Demag Plastics Machinery GmbH	Based in Europe ←--------
SEN (equity method affiliate)	Supply of equipment ←--------
Sumitomo NACCO Materials Handling Co., Ltd. (equity method affiliate)	Supply of equipment ←--------
Sumitomo Heavy Industries Himatex Co., Ltd.	Purchase of materials --------→

Ships, Steel Structures and Other Specialized Equipment

Sumitomo Heavy Industries Marine & Engineering Co., Ltd.	Consignment of design and manufacturing ←--------

Environmental Protection Facilities, Plant, and Others

	Sumitomo Heavy Industries Environment Co., Ltd.
	↓Consignment of operation and maintenance
Consignment of operation and maintenance --------→	Sumiju Environmental Engineering Inc.
Purchase of equipment ←--------	Nihon Spindle Mfg. Co., Ltd.
Purchase of equipment ←--------	Izumi Food Machinery Co., Ltd.
Consignment of software development --------→	Lightwell Co., Ltd.

Industrial Machinery

Consignment of maintenance and management --------→	Sumitomo Heavy Industries Engineering & Services Co., Ltd.
Purchase of equipment ←--------	Shin Nippon Machinery Co., Ltd.
Lease of property, plant, and equipment --------→	Sumitomo Heavy Industries Techno-Fort Co., Ltd.

Construction Machinery

Lease of property, plant, and equipment --------→	Sumiju Kenki Crane Co., Ltd.
	↓Lease of property, plant, and equipment
	Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd. (equity method affiliate)
	↓Supply of equipment
	Link-Belt Construction Equipment Company
	Sumitomo Construction Machinery Co., Ltd.
	↓Consignment of manufacturing
Lease of property, plant, and equipment --------→	Sumitomo Construction Machinery Manufacturing Co. Ltd.
	↓ Consignment of manufacturing
Lease of property, plant, and equipment --------→	Sumitomo Construction Machinery Sales Co. Ltd.

Note: [solid box] Consolidated subsidiary [dashed box] Equity method affiliate

*On April 1, 2009, Sumitomo (SHI) Construction Machinery Co., Ltd. took over control of Sumitomo (SHI) Construction Machinery Manufacturing Co., Ltd.

III. Management Policies

1. Basic Management Policy

The Group is guided by the corporate philosophy set forth by the Sumitomo Group. Remembering the two components of the philosophy, namely "the placing of prime importance on integrity and sound management on the conduct of its business" and "not pursuing easy gains or acting imprudently under any circumstances", is critical during these times of turmoil, as these principles should create the overall vision for the Group in any environment, regardless of the era or the state of economy. The Group rigorously complies with the spirit of the philosophy and actively pursues the reformation of the business organization so that it is able to build a strong corporate culture.

The Group also believes that by focusing on "creating value for our customers" and thereby earning the long-term trust of customers, it can achieve sustainable growth and an improvement of corporate value. Succeeding in this task will lead to the Group meeting its corporate citizenship responsibilities to its shareholders, employees, and surrounding communities.

In order to ensure a high level of stable growth on the global stage, the Group is committed to becoming a "Systematic Knowledge-Creating Company" that is able to continuously provide customers with first-class products. Moreover, the Group is actively strengthening its marketing, development, and production efficiencies in the pursuit of producing "workmanship."

2. Target Management Benchmarks

ROIC has been set forth as an important management benchmark for the Sumitomo Heavy Industries Group. The Group's goal is to achieve ROIC figures that exceed WACC and maintain levels at 10% or greater on an annual basis.

3. Medium- to Long-Term Management Strategy

The Global 21 Medium-Term Management Plan sets forth three main policies for the Group. These are:

i) Accelerate the development of global markets;

ii) Promote innovation on a group-wide basis; and

iii) Pursue a synergistic value chain.

Further, the plan sets forth financial goals of JPY850 billion for sales and JPY100 billion for operating income by FY2010. Regrettably, the Group concedes that achieving these financial targets will be extremely difficult under the current economic environment.

However, the direction of the Group and the policies to be implemented according to the Medium-Term Management Plan remain unchanged. Moreover, the Group actually sees the current economic downturn and business climate as an opportunity for growth, and will make further efforts to enhance its core ability to increase revenues despite a decrease in sales.

4. Action Items for the Group

In order for the Group to become an organization that is able to generate income despite a rapid decline in the business environment, the following measures need to be implemented in an aggressive manner:

(1) Enhancing the Group's Ability to Succeed in a Changing Environment

The current global recession is on an unprecedented scale. Moreover, this downturn is expected to continue in the long-term, and it therefore has the potential to completely change the global business environment as we know it today. In this era of change, the two most important tasks to focus on for the Group are thoroughly reviewing and appropriately managing expenses, and restructuring businesses to improve competitiveness so that the Group is able to take advantage of opportunities and grow when the period of economic recovery begins.

More specifically, as capital expenditures rapidly decline regardless of industry or geographic location, the market size of the Group's main business is shrinking at an unprecedented pace. In response to this trend, the Group needs to implement cost reductions by reevaluating its business organization on a global basis. Through this exercise, fixed assets can be scaled down and variable expenses can be reduced by looking at efficiencies achieved by global procurement and manufacturing methods.

From the standpoint of measures to improve competitiveness, the Group will work to anticipate the regional and segmental transformations that are likely to occur in the global markets once economic recovery begins. Further, the Group will use this exercise to make any necessary modifications to its existing business structure so that readiness to changes in the demand structure can be improved.

(2) Continued Expansion of Global Operations

At the end of the current global economic downturn, Asia is expected to play an even more important role in the global economy as dependence on the US lessens and China becomes the world's growth engine. The Group's global strategy begins with a focus on this point and the construction of new manufacturing plants in China and Vietnam in recent times is core to this strategy. As of the consolidated fiscal year under review, manufacturing output at these plants has reached full scale. This not only allows the Group to reduce the cost of finished goods but also to decouple the Group from the yen, enabling a level of cost-competitiveness that is not susceptible to currency rate fluctuations.

In addition, the new manufacturing plant in China was not built for the sole purpose of reducing the cost of finished goods. It was also built with the aim to be situated in the next generation of large-scale markets. This plant manufactures gear boxes and hydraulic excavators, pertinent because China is one of the first countries in the world where the impact of a governmental fiscal stimulus package has become evident, as can be seen in the recovery in the demand for construction machinery and in the economy as a whole. As production in China gets back on track, the Group anticipates a strong positive impact on financial performance in the coming years.

The economic development of Asia, and China in particular, will be built on the recovery and expansion of the electronic devices and components industry, namely the large market for semiconductors. The full consolidation of SEN, a manufacturer of ion implanters (one type of semiconductor manufacturing device), into the Group is intended to enhance the Group's ability to expand sales in the Asian market.

In Europe, the economic downturn has been going on for about three years now. However, as signs of recovery begin to emerge, the Group is in a strong position to take advantage of sales opportunities in this market, especially in the field of electric injection molding machines, an area of global leadership for the Group. The acquisition of Sumitomo (SHI) Demag Plastics Machinery GmbH, a manufacturer of plastic processing machines, in the previous year was part of a careful plan to strengthen the Group's organizational presence in the region in preparation for further global expansion.

(3) Promotion of Innovation on a Group-Wide Basis

The continued expansion into global markets and the activities associated with optimally positioning the Group in such markets will ultimately form a solid footing for the Group's manufacturing and sales activities worldwide. With this in mind, the Group has also been actively engaged in promoting innovation in order to maintain and improve the competitive superiority of its products. Through a relentless focus on research, modifications, and improvements to technology, the Group has been able to capture the top market share in Japan for such products as power transmissions and controls, plastics machinery, ion implanters, and circulating fluidized bed boilers. Further, the Group has had the honor to distribute these products and others to the global marketplace. This history of achievement continues to drive the Group to develop globally leading technologies and to manufacture and sell products based on these strategies to customers worldwide.

Further, the Group believes that innovation should not end with research and development. In fact, efforts are being made to inject innovation on a group-wide basis in processes such as product development, design, manufacturing, and distribution. For example, the Ship division led the world five years ago when it introduced the Toyota Production System (TPS) into the shipbuilding process. This type of process innovation is being implemented steadily in all of the Group's activities.

Finally, efforts are being made to streamline each division, organization, subsidiary, and affiliated company in the Group so that management can act flexibly and efficiently and with greater innovation.

(4) Full Implementation of Compliance Measures

Now more than ever, companies are being asked to uphold their principles concerning social responsibility, and there is a need for the Group to thoroughly implement efforts towards compliance throughout the organization and to conduct business activities in accordance with a Code of Conduct that befits a “Global Company of Excellence.” With this in mind, the Group is actively engaged in ensuring compliance with rules and regulations in all of its business activities on a global basis.

IV. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Units: millions of yen)

	End of Full Year As of March 31, 2008	End of Full Year As of March 31, 2009
	Amount	Amount
Assets		
Cash and deposits	30,256	44,685
Notes and accounts receivable	185,912	155,664
Products	39,717	43,260
Works in progress	70,749	84,826
Raw materials and stock	19,985	21,294
Deferred income taxes	8,501	7,631
Other	27,663	23,945
Allowance for doubtful accounts	(836)	(1,012)
Current assets	**381,946**	**380,293**
Buildings and structures	45,887	49,987
Machinery and transportation tools	31,663	36,344
Land	116,536	115,909
Construction in progress	5,406	3,864
Other	4,962	7,925
Tangible assets	204,454	214,028
Intangible assets	15,762	6,392
Investment securities	53,905	28,227
Long-term loans	98	145
Deferred income taxes	10,346	11,940
Other	13,682	17,875
Allowance for doubtful accounts	(1,560)	(1,464)
Investments and other assets	76,471	56,722
Fixed assets	**296,688**	**277,143**
Total assets	**678,634**	**657,436**

(Units: millions of yen)

	End of Full Year As of March 31, 2008	End of Full Year As of March 31, 2009
	Amount	Amount
Liabilities		
Notes and accounts payable	167,008	136,090
Short-term bank loans	16,932	34,176
Commercial paper	18,000	24,000
Long-term loans due within one year	2,724	1,136
Corporate bonds redeemable within one year	--	10,000
Income tax payable	14,523	4,810
Advance payments received on contracts	48,600	49,977
Allowance for guaranteed construction	6,360	5,661
Allowance for loss on ordered construction	29	274
Allowance for loss on business transfer	161	161
Allowance for business restructuring	--	1,842
Other	35,843	34,258
Current liabilities	**310,181**	**302,385**
Bonds	10,000	--
Long-term debt due after one year	41,911	41,027
Employees' severance and retirement benefits	32,748	34,808
Allowance for loss on product liability	285	237
Deferred income taxes on revaluation	32,306	32,211
Other	4,831	8,071
Long-term liabilities	**122,082**	**116,353**
Total liabilities	**432,263**	**418,738**
Net assets		
Common stock	30,872	30,872
Capital surplus	20,524	20,503
Retained earnings	142,053	148,725
Treasury stock	(1,425)	(1,471)
Stockholders' equity	**192,024**	**198,629**
Unrealized gains on securities	4,224	(547)
Profit (loss) on deferred hedge	2,459	1,945

	End of Full Year As of March 31, 2008	End of Full Year As of March 31, 2009
	Amount	Amount
Adjustment regarding pension obligations of consolidated overseas subsidiaries	(999)	(3,008)
Revaluation reserve for land	40,477	40,360
Foreign currency translation adjustments	(1,101)	(8,798)
Appraisal and translation differences	**45,060**	**29,952**
Minority interests	**9,287**	**10,116**
Total net assets	**246,371**	**238,697**
Liabilities and net assets	**678,634**	**657,436**

2. Consolidated Income Statements

(Units: millions of yen)

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
	Amount	Amount
Net sales	660,769	642,918
Cost of sales	505,366	503,072
Gross income	155,403	139,847
Selling, general & administrative expenses	77,613	82,907
Operating income	77,790	56,940
Non-operating income		
Interest income	245	268
Dividend income	945	912
Equity in earnings of unconsolidated subsidiaries and affiliated companies	2,436	755
Other (net)	2,921	1,872
Total non-operating income	6,547	3,806
Non-operating expenses		
Interest expenses	1,194	1,611
Exchange rate losses	1,632	1,941
Other (net)	6,041	6,919
Total non-operating expenses	8,867	10,471
Ordinary income	75,469	50,275
Extraordinary gains		
Gain on sale of securities	689	--

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
	Amount	Amount
Total extraordinary gains	689	--
Extraordinary losses		
Loss on devaluation of marketable securities	--	6,043
Goodwill amortization amount	--	4,932
Business restructuring expenses	--	2,019
Loss on impaired assets	700	1,904
Loss relating to violations of antitrust laws	--	1,638
Settlement figure	1,204	--
Amortization of variance amount relating to the change in accounting standards for the treatment of retirement benefits for new consolidated subsidiaries	980	--
Expenses associated with the relocation of the head office	759	--
Total extraordinary losses	3,643	16,536
Income before income taxes	72,515	33,739
Corporate income tax current	28,870	17,711
Corporate income tax deferred	(58)	979
Total corporate income taxes	28,812	18,690
Minority interests	729	1,400
Net income	42,974	13,649

3. Consolidated Statements of Changes to Stockholders' Equity

(Units: millions of yen)

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Stockholders' equity		
Capital stock		
Balance at end of previous period	30,872	30,872
Fluctuation in the period		
Total fluctuation in the period	--	--
Balance at end of period	30,872	30,872
Capital surplus		
Balance at end of previous period	20,518	20,524

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Fluctuation in the period		
Disposal of treasury stock	6	(21)
Total fluctuation in the period	6	(21)
Balance at end of period	20,524	20,503
Earned surplus		
Balance at end of previous period	104,950	142,053
Amount impacted by the adoption of Accounting Standards Board of Japan, Practical Issues Task Force No. 18	--	(409)
Fluctuation in the period		
Dividends	(5132)	(6,639)
Net income	42,974	13,649
Disposal of treasury stock	--	(3)
Difference from transfer of revaluation reserve for land	(66)	117
Cumulative effect on U.S. subsidiary of application of FIN 48	(202)	--
Increase from increase of consolidated subsidiaries with change in scope of consolidation	67	--
Decrease from reduction of consolidated subsidiaries accompanying change of scope of consolidation	(449)	(44)
Decrease from reduction of equity method affiliates accompanying change of scope of consolidation	(90)	--
Increases due to mergers	1	--
Total fluctuation in the period	37,103	7,081
Balance at end of period	142,053	148,725
Treasury stock		
Balance at end of previous period	(996)	(1,425)
Fluctuation in the period		
Acquisition of treasury stock	(442)	(112)
Disposal of treasury stock	13	66
Total fluctuation in the period	(429)	(46)
Balance at end of period	(1,425)	1,471
Stockholders' equity		
Balance at end of previous period	155,344	192,024

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Amount impacted by the adoption of Accounting Standards Board of Japan, Practical Issues Task Force No. 18	--	(409)
Fluctuation in the period		
Dividends	(5,132)	(6,639)
Net income	42,974	13,649
Acquisition of treasury stock	(442)	(112)
Disposal of treasury stock	19	42
Difference from transfer of revaluation reserve for land	(66)	117
Cumulative effect on U.S. subsidiary of application of FIN 48	(202)	--
Increase from increase of consolidated subsidiaries with change in scope of consolidation	67	--
Decrease from reduction of consolidated subsidiaries accompanying change of scope of consolidation	(449)	(44)
Decrease from reduction of equity method affiliates accompanying change of scope of consolidation	(90)	--
Increases due to mergers	1	--
Total fluctuation in the period	36,680	7,014
Balance at end of period	192,024	198,629
Appraisal and translation differences		
Unrealized holding gains on other securities		
Balance at end of previous period	11,195	4,224
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(6,971)	(4,771)
Total fluctuation in the period	(6,971)	(4,771)
Balance at end of period	4,224	(547)
Gain (loss) on deferred hedge		
Balance at end of previous period	(1,652)	2,459
Fluctuation in the period		

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Fluctuations other than stockholders' equity in the period (net)	4,112	(515)
Total fluctuation in the period	4,112	(515)
Balance at end of period	2,459	1,945
Adjustment of pension obligation for overseas subsidiaries		
Balance at end of previous period	(772)	(999)
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(227)	(2,009)
Total fluctuation in the period	(227)	(2,009)
Balance at end of period	(999)	(3,008)
Difference from transfer of revaluation reserve for land		
Balance at end of previous period	40,411	40,477
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	66	(117)
Total fluctuation in the period	66	(117)
Balance at end of period	40,477	40,360
Foreign exchange translation adjustments		
Balance at end of previous period	166	(1,101)
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(1,267)	(7,696)
Total fluctuation in the period	(1,267)	(7,696)
Balance at end of period	(1,101)	(8,798)
Total appraisal and translation differences		
Balance at end of previous period	49,348	45,060
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(4,287)	(15,108)
Total fluctuation in the period	(4,287)	(15,108)

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Balance at end of period	45,060	29,952
Minority interests		
Balance at end of previous period	1,319	9,287
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	7,969	829
Total fluctuation in the period	7,969	829
Balance at end of period	9,287	10,116
Total net assets		
Balance at end of previous period	206,010	246,371
Amount impacted by the adoption of Accounting Standards Board of Japan, Practical Issues Task Force No. 18	--	(409)
Fluctuation in the period		
Dividends	(5,132)	(6,639)
Net income	42,974	13,649
Acquisition of treasury stock	(442)	(112)
Disposal of treasury stock	19	42
Difference from transfer of revaluation reserve for land	(66)	117
Cumulative effect on U.S. subsidiary of application of FIN 48	(202)	--
Increase from increase of consolidated subsidiaries with change in scope of consolidation	67	--
Decrease from reduction of consolidated subsidiaries accompanying change of scope of consolidation	(449)	(44)
Decrease from reduction of equity method affiliates accompanying change of scope of consolidation	(90)	--
Increases due to mergers	1	--
Fluctuations other than stockholders' equity in the period (net)	3,682	(14,279)
Total fluctuation in the period	40,362	(7,265)
Balance at end of period	246,371	238,697

4. Consolidated Cash Flows Statement

(Units: millions of yen)

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Cash flows from operating activities		
Income before income taxes	72,515	33,739
Depreciation	13,788	18,320
Gain (loss) on valuation of marketable securities	84	6,043
Loss on impaired assets	700	1,904
Goodwill amortization amount	--	4,932
Business restructuring expenses	--	2,019
Loss relating to violation of antitrust laws	--	1,638
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(2,436)	(755)
Increase (decrease) in allowances	1,591	1,329
Interest and dividend income	(1,190)	(1,179)
Interest expenses	1,194	1,611
Increase (decrease) in notes and accounts receivable	(9,522)	30,033
Increase (decrease) in inventories	(21,758)	(19,021)
Increase (decrease) in notes and accounts payable	5,755	(25,368)
Other (net)	(3,030)	7,142
Subtotal	**57,690**	**62,387**
Interest and dividend received	2,499	1,712
Interest expenses	(1,303)	(1,615)
Payments for income taxes	(29,789)	(27,807)
Net cash provided by operating activities	**29,096**	**34,676**
Cash flows from investing activities		
Increase (decrease) in time deposits	140	55
Payments for securities	(5,283)	(475)
Payments for acquisition of subsidiaries' stock accompanying changes in scope of consolidation	(11,944)	(7,921)
Proceeds from sale of securities	769	1,045
Net cash acquired through stock swap with subsidiaries	1,390	--
Expenditures relating to the payment of contributed capital to affiliated companies	(3,465)	(4,511)
Payments for purchases of property, plant and equipment	(24,243)	(28,073)
Proceeds from sale of property, plant and equipment	1,429	1,112

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Payments for long-term loans receivable	(68)	(57)
Collection of long-term loans receivable	77	64
Increase (decrease) in short-term loans receivable	(502)	3,137
Other (net)	450	(299)
Net cash used in investing activities	**(41,250)**	**(35,924)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(5,742)	19,643
Net increase (decrease) in commercial paper	3,000	6,000
Proceeds from long-term debt	17,500	384
Repayments for long-term debt	(14,443)	(2,857)
Proceeds from sale of treasury stock	19	42
Disbursement for acquisition of treasury stock	(442)	(112)
Cash dividends paid	(5,115)	(6,628)
Payment of dividends for minority stockholders	(15)	(382)
Expenditures relating to the repayment of finance lease obligations	--	(466)
Net cash used in financing activities	**(5,238)**	**15,625**
Effect of exchange rate changes on cash and cash equivalents	(143)	(1,818)
Net increase (decrease) in cash and cash equivalents	(17,535)	12,560
Cash and cash equivalents at beginning of year	**47,523**	**29,879**
Increase due to new consolidated company	161	--
Net decrease from the change in consolidated companies	(292)	(38)
Increase due to merger and acquisition	22	14
Cash and cash equivalents at end of year	**29,879**	**42,414**

5. Significant Events or Conditions that Question the Premise of a Going Concern

No events or conditions noted.

6. Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements

(1) Valuation Basis and Method for Inventory

Work in progress is mainly valuated at cost based on the specific cost method (the amounts listed on the balance sheet are calculated by using the book-value write-down method as asset profitability declines). Finished goods, semi-finished goods, and raw materials in inventory are mainly valuated at cost based on the gross average method (the amounts listed on the balance sheet are calculated by using the book-value write-down method as asset profitability declines).

(2) Depreciation Method Used for Important Depreciable Assets

(i) Tangible Fixed Assets (Excluding Leased Assets)

Tangible fixed assets are depreciated using the declining balance method.

Further, the calculations for durable lifetime and residual value of tangible fixed assets are mainly based on the method specified in the Corporate Tax Law. However, Sumitomo Heavy Industries and several of its subsidiaries are using the straight-line method to depreciate buildings (excluding building improvements) acquired after April 1, 1998.

(Additional Information)

Sumitomo Heavy Industries, along with several of its Japan-based subsidiaries, took the opportunity to the review the usage conditions of its assets with the revisions to the Corporate Tax Law in fiscal 2008. As a result, the durable lifetime of a portion of equipment and other assets has been amended. The effect of these changes on the consolidated financial statements is considered to be non-material in nature.

(ii) Non-Tangible Fixed Assets (Excluding Leased Assets)

Non-tangible fixed assets are depreciated using the straight-line method.

Further, the calculations for durable lifetime and residual value of tangible fixed assets are mainly based on the method specified in the Corporate Tax Law. However, software for internal use within the Group is depreciated using the straight-line method based on an availability period of five years.

(iii) Leased Assets

Leased assets are depreciated using the straight-line method with the durable lifetime set as the term of the lease and a zero residual value. However, those finance lease transactions that do not transfer ownership that are deemed to be low in importance or began before March 31, 2008 are depreciated using the method considered standard for lease transactions.

With the exception of the items stated above, there have been no material changes to the “Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements” since the most recent financial statements (submitted June 27, 2008). Disclosure of such items has therefore been omitted.

7. Revisions to Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements

(1) Application of the “Financial Accounting Standard for the Measurement of Inventories”

Traditionally, inventory held for sale in the ordinary course of business was mainly carried at cost. However, the adoption of the “Financial Accounting Standard for the Measurement of Inventories (Accounting Standard - ASBJ Statement No. 9 dated July 5, 2006)” during the consolidated fiscal year under review resulted in the carrying of such inventory at the net selling value on the balance sheet, regarded as a decreased profitability of assets.

As a result of this change in accounting standards, operating income, ordinary income, and net income before tax and other adjustments decreased by JPY2.022 billion for the consolidated fiscal year under review. Further, the impact of specific segments is separately noted in the applicable sections.

(2) Application of "Accounting Standards for Lease Transactions"

Traditionally, finance lease transactions that do not transfer ownership were accounted for in a manner similar to the accounting treatment for ordinary rental transactions. However, from the consolidated fiscal year under review, the "Accounting Standards for Lease Transactions (Accounting Standard – ASBJ Statement No. 13 [First Section of the Business Accounting Deliberation Council – June 17, 1993] as revised on March 30, 2007)" and the "Guidance on Accounting Standards for Lease Transactions (Guidance Document – ASBJ Guidance No. 16 [Accounting Standards Committee of The Japanese Institute of Certified Public Accounts – January 18, 1994] as revised on March 30, 2007)" were applied. As such, finance lease transactions that do not transfer ownership are now accounted for in a similar manner as ordinary sale and purchase transactions.

The effect of this change to the profit and loss generated during the consolidated fiscal year under review is considered to be non-material in nature.

(3) Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

As of the consolidated fiscal year, the necessary modifications required by the adoption of the "Practical Solutions on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (Practical Solution – ASBJ Statement No. 18 dated May 17, 2006)" have been made.

The effect of this change to the profit and loss generated during the consolidated fiscal year under review is considered to be non-material in nature.

8. Items of Special Note Concerning the Consolidated Financial Statements

Special notes concerning lease transactions, transactions with interested parties, tax effect accounting, marketable securities, derivative transactions, retirement benefits, and stock options have been omitted as the disclosure of such notes is considered to have no material significance to the financial statements.

Business Combination Activity

Consolidated Fiscal Year under Review (From April 1, 2008 to March 31, 2009)

Purchase Method Applied

1. Summary of business combinations

(1) Name and main business of acquired company

Name of acquired company: SEN Corporation, an SHI and Axcelis Company

Main business of company: Development, manufacturing, distribution, and servicing of ion implanters

(2) Reason for executing business combination

To accelerate and strengthen the Group's strategy to expand its global market presence in the field of ion implanters, a type of semiconductor manufacturing device.

(3) Date of business combination

March 30, 2009

(4) Legal form of acquiring combined business and name of company after combination

Legal form of acquiring combined business: Cash acquisition of stock

Name of company after combination: SEN Corporation (on April 1, 2009, the name of the company was changed from SEN Corporation, an SHI and Axcelis Company)

(5) Ratio of acquired voting rights

50% (100% of voting rights held after acquisition)

2. Period that includes financial results of acquired companies in consolidated financial statements

As the acquisition date was set as March 31, 2009, financial results for the acquired company prior to this day are accounted for as an investment profit (or loss) based on the equity method of treatment.

3. Breakdown of costs relating to the acquisition

Acquisition price:	JPY	11,315 million
Direct expenses incurred relating to the transaction:	JPY	118 million
Total acquisition cost:	JPY	11,433 million

4. Amount of goodwill or negative goodwill generated, reason(s) for generation of such amount, method of amortization, and period of amortization

(1) Negative goodwill incurred: JPY3,334 million

(2) Reason for generation of such amount:

A negative goodwill amount was generated when the acquisition cost agreed upon with the seller and validated by a third party fell short of the value of total assets at the time of business combination.

(3) Method of amortization and period of amortization

The average amortization applied over a five-year period.

5. Amount of breakdown of assets transferred and liabilities assumed on the date of business combination

Current assets:	JPY	11,477 million
Fixed assets:	JPY	4,242 million
Total assets:	JPY	15,719 million
Current liabilities:	JPY	876 million
Long-term liabilities:	JPY	76 million
Total liabilities:	JPY	952 million

6. Estimated amount of impact on consolidated statement of profit and loss if the business combination had been completed at the beginning of the consolidated fiscal year

Net sales:	JPY	11,577 million
Operating income:	JPY	-2,333 million
Ordinary income:	JPY	-293 million
Net income before tax and other adjustments:	JPY	-609 million
Net income per share:	JPY	-1.01

Method of Calculating Estimated Amount

The estimated amount of impact above is based on the net sales and profit (or loss) generated by the acquired company between April 1, 2008 and March 31, 2009. It excludes the investment profit (or loss) calculated based on the equity method as well as the projected goodwill generated as a result of the transaction.

Please note that the above item has not been verified by an auditor.

Segment Information

1. Segment Information by Business

Previous Full Year *(April 1, 2007 to March 31, 2008)*

(Units: millions of yen)

Item \ Segment	A	B	C	D	E	Total	F	Consoli-dation
Net sales								
(1) Sales to external customers	232,592	91,250	76,393	81,163	179,370	660,769	--	660,769
(2) Internal sales between segments or exchanges	2,887	2,428	1,282	362	7	6,965	(6,965)	--
Total	235,479	93,678	77,676	81,525	179,377	667,735	(6,965)	660,769
Operating expenses	207,272	86,775	63,582	69,407	163,091	590,127	(7,147)	582,980
Operating income	28,208	6,903	14,094	12,118	16,286	77,608	181	77,790
Assets, depreciation, impairment loss and capital expenditure								
Assets	290,189	69,296	105,624	61,033	137,097	663,239	15,395	678,634
Depreciation	7,392	1,056	2,061	1,355	1,924	13,788	--	13,788
Impairment loss	632	68	--	--	--	700	--	700
Capital expenditure	13,911	2,305	5,521	2,577	3,866	28,180	--	28,180

Segments:

A: Mass-Produced Machinery
B: Environmental Protection Facilities, Plants & Others
C: Ship, Steel Structure & Other Specialized Equipment
D: Industrial Machinery
E: Construction Machinery
F: Cancellation or general

Current Full Year *(April 1, 2008 to March 31, 2009)*

(Units: millions of yen)

Item \ Segment	A	B	C	D	E	Total	F	Consoli-dation
Net sales								
(1) Sales to external customers	227,226	92,625	79,602	84,310	159,154	642,918	--	642,918
(2) Internal sales between segments or exchanges	3,883	2,648	650	226	31	7,438	(7,438)	--
Total	231,109	95,273	80,253	84,537	159,185	650,356	(7,438)	642,918
Operating expenses	218,774	84,553	67,691	70,952	151,642	593,613	(7,634)	585,978
Operating income	12,334	10,719	12,562	13,585	7,543	56,743	197	56,940
Assets, depreciation, impairment loss and capital expenditure								
Assets	263,192	70,269	110,701	69,529	118,505	632,196	25,240	657,436
Depreciation	9,357	1,127	2,871	1,775	3,189	18,320	--	18,320
Impairment loss	1,749	--	--	--	--	1,749	155	1,904
Capital expenditure	14,397	999	6,528	3,458	6,371	31,753	--	31,753

Segments:

- A: Mass-Produced Machinery
- B: Environmental Protection Facilities, Plants & Others
- C: Ship, Steel Structure & Other Specialized Equipment
- D: Industrial Machinery
- E: Construction Machinery
- F: Cancellation or general

Notes:

1. Business segment depends on sales total segment.
2. Main products of each business segment

Businesses	Main Products
Mass-Produced Machinery	Power transmission & control, plastic injection molding machines, laser processing systems, cryogenic equipment, precision XY stages, ion accelerators, plasma coating systems for FPDs, precision forgings, control components, defense equipment
Environmental Protection Facilities, Plants & Others	Power generation systems, industrial waste treatment facilities, water and sewage treatment systems, real estate, software
Ship, Steel Structure & Other Specialized Equipment	Ships, pressure vessels, bridges
Industrial Machinery	Forging machines, material handling systems, logistics systems, automated parking systems, turbines, pumps
Construction Machinery	Hydraulic excavators, mobile cranes, road machinery

3. The value of assets eliminated or company-wide assets included in items for the company as a whole was 41.67 billion yen for the current fiscal year and 47.13 billion yen for the previous fiscal year. This mainly consists of assets involving surplus funds invested (cash and deposits) and funds invested long-term (securities for investment).
4. Changes to accounting methods utilized in the consolidated fiscal year under review

   As indicated in Section 77.Revisions to Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements on page 25, the "Financial Accounting Standard for the Measurement of Inventories (Accounting Standard - ASBJ Statement No. 9 dated July 5, 2006)" was adopted in the consolidated fiscal year under review.

   As a result of this change in accounting standards, operating expenses increased by JPY2.022 billion and operating income fell by the same amount.

The impact amount by segment is shown below.

(Units: millions of yen)

Item \ Segment	A	B	C	D	E	Total
Increase in operating expenses	1,599	63	--	32	328	2,022
Decrease in operating income	1,599	63	--	32	328	2,022

Segments:

A: Mass-Produced Machinery

B: Environmental Protection Facilities, Plants & Others

C: Ship, Steel Structure & Other Specialized Equipment

D: Industrial Machinery

E: Construction Machinery

2. Segment Information by Geographical Area

Previous Full Year *(April 1, 2007 to March 31, 2008)*

(Units: millions of yen)

Item \ Segment	Japan	North America	Others	Total	Cancellation or general	Consolidation
Net sales						
(1) Sales to external customers	537,268	78,963	44,538	660,769	--	660,769
(2) Internal sales between segments or exchanges	40,351	1,233	13,710	55,293	(55,293)	--
Total	577,619	80,196	58,248	716,062	(55,293)	660,769
Operating expenses	513,355	70,684	53,664	637,703	(54,723)	582,980
Operating income	64,264	9,512	4,584	78,360	(570)	77,790
Assets	533,320	51,359	81,426	666,106	12,528	678,634

Current Full Year *(April 1, 2008 to March 31, 2009)*

(Units: millions of yen)

Item \ Segment	Japan	North America	Others	Total	Cancellation or general	Consolidation
Net sales						
(1) Sales to external customers	506,320	76,770	59,829	642,918	--	642,918
(2) Internal sales between segments or exchanges	38,210	997	11,136	50,343	(50,343)	--
Total	544,529	77,767	70,965	693,261	(50,343)	642,918
Operating expenses	497,860	69,930	69,748	637,538	(51,560)	585,978
Operating income	46,669	7,837	1,217	55,723	1,216	56,940
Assets	529,250	50,636	50,533	630,419	27,017	657,436

Notes:

1. Countries and regions are classified by geographical proximity.
2. Countries and regions belonging to each classification:
   North America: USA, Canada
   Others: UK, Germany, Singapore, China
3. The value of and main content included in the item "Cancellation or general" are the same as in "1. Segment Information by Business" in Note 3 on page 31.

4. Changes to accounting methods utilized in the consolidated fiscal year under review

   As indicated in Section 7. Revisions to Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements on page 25, the "Financial Accounting Standard for the Measurement of Inventories (Accounting Standard - ASBJ Statement No. 9 dated July 5, 2006)" was adopted in the consolidated fiscal year under review.

   As a result of this change in accounting standards, operating expenses increased by JPY2.022 billion and operating income fell by the same amount.

The impact amount by segment is shown below.

(Units: millions of yen)

Item \ Segment	Japan	North America	Others	Total
Increase in operating expenses	1,815	--	207	2,022
Decrease in operating income	1,815	--	207	2,022

3. Overseas Sales

Previous Full Year *(April 1, 2007 to March 31, 2008)*

(Units: millions of yen)

	North America	Asia	Others	Total
I. Overseas sales	120,380	108,441	102,989	331,810
II. Consolidated sales				660,769
III. Overseas sales ratio (%)	18.2	16.4	15.6	50.2

Current Full Year *(April 1, 2008 to March 31, 2009)*

(Units: millions of yen)

	North America	Asia	Others	Total
I. Overseas sales	102,347	109,796	117,017	329,160
II. Consolidated sales				642,918
III. Overseas sales ratio (%)	15.9	17.1	18.2	51.2

Notes:

1. Countries and regions are classified by geographical proximity.
2. Countries and regions belonging to each classification:
   North America: USA, Canada
   Asia: Singapore, China
   Others: UK, Germany
3. Overseas sales are sales of the Company and its subsidiaries in countries and regions other than Japan.

Per Share Information

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Net assets per share	392.80 yen	378.78 yen
Net income per share	71.19 yen	22.62 yen
	Also note that EPS adjusted for full dilution is not presented because there are no residual shares.	Also note that EPS adjusted for full dilution is not presented because there are no residual shares.

Basis for calculation of net income per share is as follows:

Net income for the period	42,974 million yen	13,649 million yen
Value not attributable to common stockholders	--	--
Net income for common stockholders	42,974 million yen	13,649 million yen
Average number of outstanding shares for the term	603,687,000 shares	603,510,000 shares

Subsequent Events of Significant Importance

None noted.

Orders Received, Sales and Balance of Orders Received by Segment

Orders Received

(Units: millions of yen)

Businesses	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009		Y/Y Change	
	Amount	%	Amount	%		
Mass-Produced Machinery	247,356	34.5	200,803	33.4	(46,553)	(18.8)
Environmental Protection Facilities, Plants & Others	91,764	12.8	84,240	14.0	(7,524)	(8.2)
Ship, Steel Structure & Other Specialized Equipment	90,712	12.7	78,080	13.0	(12,633)	(13.9)
Industrial Machinery	98,848	13.8	98,752	16.5	(96)	(0.1)
Construction Machinery	187,701	26.2	138,783	23.1	(48,918)	(26.1)
Total	716,382	100.0	600,658	100.0	(115,724)	(16.2)

Sales

(Units: millions of yen)

Businesses	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009		Y/Y Change	
	Amount	%	Amount	%		
Mass-Produced Machinery	232,592	35.2	227,226	35.3	(5,366)	(2.3)
Environmental Protection Facilities, Plants & Others	91,250	13.8	92,625	14.4	1,375	1.5
Ship, Steel Structure & Other Specialized Equipment	76,393	11.6	79,602	12.4	3,209	4.2
Industrial Machinery	81,163	12.3	84,310	13.1	3,147	3.9
Construction Machinery	179,370	27.1	159,154	24.8	(20,216)	(11.3)
Total	660,769	100.0	642,918	100.0	(17,851)	(2.7)

Balance of Orders Received

(Units: millions of yen)

Businesses	April 1, 2007 to March 31, 2008		April 1, 2008 to March 31, 2009		Y/Y Change	
	Amount	%	Amount	%		
Mass-Produced Machinery	98,689	18.3	74,252	14.9	(24,437)	(24.8)
Environmental Protection Facilities, Plants & Others	89,087	16.5	80,699	16.2	(8,389)	(9.4)
Ship, Steel Structure & Other Specialized Equipment	217,706	40.4	216,184	43.3	(1,523)	(0.7)
Industrial Machinery	92,388	17.1	106,829	21.4	14,442	15.6
Construction Machinery	41,290	7.7	20,918	4.2	(20,372)	(49.3)
Total	539,161	100.0	498,882	100.0	(40,279)	(7.5)

V. Individual Financial Statements

1. Balance Sheets

(Units: millions of yen)

	End of Full Year As of March 31, 2008	End of Full Year As of March 31, 2009
	Amount	Amount
Assets		
Cash and deposits	9,003	19,741
Notes receivable	1,947	1,394
Accounts receivable	75,001	64,991
Products	13,314	13,406
Works in progress	19,538	18,609
Raw materials and stock	948	1,107
Advanced payments	34,493	34,846
Prepaid expenses	115	92
Deferred income taxes	1,508	1,428
Short-term loans provided to affiliated companies	7,613	6,869
Other accounts receivable	30,521	29,046
Other	5,311	3,166
Allowance for doubtful accounts	(102)	(2,255)
Current assets	**199,210**	**192,440**
Buildings (net)	28,235	29,395
Structures (net)	5,506	6,201
Machinery and equipment (net)	11,317	13,797
Ships and vessels (net)	0	0
Automotive equipment (net)	85	219
Tools, equipment and fixtures (net)	2,527	2,242
Land	101,835	101,319
Lease assets (net)	--	209
Construction in progress	2,771	1,392
Tangible assets	152,275	154,775
Utility rights	82	79
Software	2,808	2,519
Others	442	515
Intangible assets	3,333	3,113
Investment securities	24,333	12,020

	End of Full Year As of March 31, 2008	End of Full Year As of March 31, 2009
	Amount	Amount
Shares of affiliated companies	75,048	86,650
Other marketable securities of affiliated companies	39	--
Contribution to capital	735	600
Capital contributed to affiliated companies	18,166	11,063
Long-term loans to employees	20	22
Bankruptcy and reorganization claims	108	115
Long-term prepaid expenses	1,241	780
Deferred income taxes	11,769	8,481
Other	2,290	2,536
Allowance for doubtful accounts	(347)	(421)
Investments and other assets	133,401	121,846
Fixed assets	**289,009**	**279,733**
Total assets	**488,219**	**472,173**

(Units: millions of yen)

	End of Full Year As of March 31, 2008 Amount	End of Full Year As of March 31, 2009 Amount
Liabilities		
Notes payable	6,843	6,021
Accounts payable	65,671	53,615
Short-term bank loans	4,100	21,100
Commercial paper	18,000	24,000
Corporate bonds redeemable within one year	--	10,000
Long-term loans due within one year	2,469	1,101
Lease obligations	--	71
Other accounts payable	10,973	11,498
Accrued expenses	3,997	3,436
Income tax payable	9,725	1,481
Advance payments received on contracts	37,604	39,389
Deposits	81,057	83,713
Allowance for guaranteed construction	2,700	2,384
Allowance for loss on business transfer	161	161
Other	42	141
Current liabilities	243,342	258,111
Bonds	10,000	--
Long-term debt due after one year	41,796	40,696
Lease obligations	--	200
Loss reserve for affiliated companies	--	556
Employees' severance and retirement benefits	14,407	14,959
Deferred income taxes on revaluation	32,306	32,211
Other	1,438	1,404
Long-term liabilities	99,947	90,026
Total liabilities	343,289	348,137
Net assets		
Common stock	30,872	30,872
Capital surplus		
Capital surplus reserve	23,792	23,792
Other capital surplus		
Gain from the disposal of treasury stock	21	--

	End of Full Year As of March 31, 2008	End of Full Year As of March 31, 2009
	Amount	Amount
Total capital surplus	23,813	23,792
Earned surplus		
Earned surplus reserve	6,295	6,295
Other earned surplus		
Earned surplus carried forward	40,328	23,055
Total earned surplus	46,623	29,350
Treasury stock	(1,425)	(1,471)
Stockholders' equity	99,883	82,543
Unrealized gains on securities	2,100	(569)
Profit (loss) on deferred hedge	2,471	1,703
Revaluation reserve for land	40,477	40,360
Appraisal and translation differences	45,048	41,494
Total net assets	144,931	124,036
Liabilities and net assets	488,219	472,173

2. Income Statements

(Units: millions of yen)

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
	Amount	Amount
Net sales	267,557	241,482
Cost of sales		
Total cost of sales	221,284	207,002
Gross income	46,272	34,480
Selling, general & administrative expenses	24,768	23,698
Operating income	21,504	10,782
Non-operating income:		
Interest income	177	145
Dividend income	8,334	8,892
Other	1,983	2,304
Total non-operating income	10,494	11,341
Non-operating expenses		
Interest expenses	1,379	1,650
Exchange rate losses	1,190	1,235

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
	Amount	Amount
Other	3,578	4,392
Total non-operating expenses	6,146	7,278
Ordinary income	25,852	14,845
Extraordinary gains		
Gain on sale of securities	689	--
Total extraordinary gains	689	--
Extraordinary losses		
Devaluation of capital contributed to affiliated companies	--	8,780
Loss on devaluation of marketable securities	--	8,663
Allowances for bad debts and other provisions relating to affiliated companies	--	2,750
Loss relating to violations of antitrust laws	--	1,638
Loss on impaired assets	225	271
Settlement figure	1,038	--
Expenses associated with the relocation of the head office	759	--
Total extraordinary losses	2,021	22,101
Income before income taxes	24,519	(7,256)
Corporate income tax current	5,805	(1,285)
Corporate income tax from previous years	127	697
Deferred corporate income tax and other taxes	9	4,081
Total corporate income taxes	5,941	3,492
Net income	18,578	(10,749)

3. Statements of Changes to Stockholders' Equity

(Units: millions of yen)

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Stockholders' equity		
Capital stock		
Balance at end of previous period	30,872	30,872
Fluctuation in the period		
Total fluctuation in the period	--	--
Balance at end of period	30,872	30,872
Capital surplus		
Capital surplus reserve		
Balance at end of previous period	23,792	23,792
Fluctuation in the period		
Total fluctuation in the period	--	--
Balance at end of period	23,792	23,792
Other capital surplus		
Balance at end of previous period	15	21
Fluctuation in the period		
Disposal of treasury stock	6	(21)
Total fluctuation in the period	6	(21)
Balance at end of period	21	--
Total capital surplus		
Balance at end of previous period	23,807	23,813
Fluctuation in the period		
Disposal of treasury stock	6	(21)
Total fluctuation in the period	6	(21)
Balance at end of period	23,813	23,792
Earned surplus		
Earned surplus reserve		
Balance at end of previous period	6,295	6,295
Fluctuation in the period		
Total fluctuation in the period	--	--
Balance at end of period	6,295	6,295
Other earned surplus		
Earned surplus carried forward		
Balance at end of previous period	26,948	40,328

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Fluctuation in the period		
Dividends	(5,132)	(6,639)
Net income	18,578	(10,749)
Disposal of treasury stock	--	(3)
Difference from transfer of revaluation reserve for land	(66)	117
Total fluctuation in the period	13,380	(17,273)
Balance at end of period	40,328	23,055
Total earned surplus		
Balance at end of previous period	33,243	46,623
Fluctuation in the period		
Dividends	(5,132)	(6,639)
Net income	18,578	(10,749)
Disposal of treasury stock	--	(3)
Difference from transfer of revaluation reserve for land	(66)	117
Total fluctuation in the period	13,380	(17,273)
Balance at end of period	46,623	29,350
Treasury stock		
Balance at end of previous period	(993)	(1,425)
Fluctuation in the period		
Acquisition of treasury stock	(442)	(112)
Disposal of treasury stock	11	66
Total fluctuation in the period	(431)	(46)
Balance at end of period	(1,425)	(1,471)
Stockholders' equity		
Balance at end of previous period	86,928	99,883
Fluctuation in the period		
Dividends	(5,132)	(6,639)
Net income	18,578	(10,749)
Acquisition of treasury stock	(442)	(112)
Disposal of treasury stock	17	42
Difference from transfer of revaluation reserve for land	(66)	117
Total fluctuation in the period	12,955	(17,340)

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Balance at end of period	99,883	82,543
Appraisal and translation differences		
Unrealized holding gains on other securities		
Balance at end of previous period	8,919	2,100
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(6,819)	(2,669)
Total fluctuation in the period	(6,819)	(2,669)
Balance at end of period	2,100	(569)
Gain (loss) on deferred hedge		
Balance at end of previous period	(1,654)	2,471
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	4,125	(768)
Total fluctuation in the period	4,125	(768)
Balance at end of period	2,471	1,703
Difference from transfer of revaluation reserve for land		
Balance at end of previous period	40,411	40,477
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	66	(117)
Total fluctuation in the period	66	(117)
Balance at end of period	40,477	40,360
Total appraisal and translation differences		
Balance at end of previous period	47,677	45,048
Fluctuation in the period		
Fluctuations other than stockholders' equity in the period (net)	(2,628)	(3,555)
Total fluctuation in the period	(2,628)	(3,555)
Balance at end of period	45,048	41,494
Total net assets		
Balance at end of previous period	134,604	144,931

	Previous Full Year April 1, 2007 to March 31, 2008	Current Full Year April 1, 2008 to March 31, 2009
Fluctuation in the period		
Dividends	(5,132)	(6,639)
Net income	18,578	(10,749)
Acquisition of treasury stock	(442)	(112)
Disposal of treasury stock	17	42
Difference from transfer of revaluation reserve for land	(66)	117
Fluctuations other than stockholders' equity in the period (net)	(2,628)	(3,555)
Total fluctuation in the period	10,326	(20,894)
Balance at end of period	144,931	124,036

4. Significant Events or Conditions that Question the Premise of a Going Concern

No event or conditions noted.