

Financial Information as of March 31, 2008

(The English translation of the
“Yukashoken-Houkokusho” for
the year ending March 31, 2008)

Tokyo Seimitsu Co., Ltd

This report is based on the Company's Japanese-language annual filing "Yukashoken-Hokokusho", with the Financial Services Agency "Kanto Local Finance Bureau". All information contained in this report has been obtained from sources believed to be reliable, but the accuracy of the data and the translation and the completeness and timeliness of the information are not warranted by the Company.

Table of Contents

	Page
Cover	1
Part I [Company Information]	2
1. [Company Overview]	2
1 [Key financial data and trends].....	2
2 [History].....	4
3 [Business overview].....	5
4 [Overview of Affiliates].....	7
5 [Employees].....	8
2. [Business Overview]	9
1 [Overview of business results].....	9
2 [Production, orders, and sales].....	12
3 [Issues for the Company and the Group].....	13
4 [Business and other risks]	13
5 [Important business contracts]	15
6 [R&D Activities]	16
7 [Analysis of financial position and operating result]	17
3. [Equipment and Facilities]	20
1 [Overview of capital expenditures].....	20
2 [Major equipment and facilities].....	21
3 [Plans for equipment and facility additions or disposals].....	23
4. [Corporate Information]	24
1 [Information on the Company's Shares].....	24
2 [Acquisition of treasury stock].....	43
3 [Dividend Policy].....	44
4 [Changes in the market price of the Company's share].....	44
5 [Directors and Auditors]	45
6 [Corporate governance].....	47
5. [Financial Information]	51
1. Consolidated financial statements	52

[Cover]

[Submitted document]	Securities Report ("Yukashoken-Houkokusho")
[Article of the applicable law requiring submission of this document]	Article 24, Paragraph 1 of the Securities Exchange Law
[Filed to]	Director, Kanto Local Finance Bureau
[Date submitted]	June 27, 2008
[Business year]	85th Fiscal Term (from April 1, 2007 to March 31, 2008)
[Company name]	Tokyo Seimitsu Co., Ltd.
[Name and position of representative]	Sadakatsu Suzuki, Chairman and CEO
[Location of head office]	9-7-1 Shimorenjaku, Mitaka-shi, Tokyo
[Telephone No.]	(0422) 48-1011 (operator)
[Contact for communications]	Kunimasa Ohta, Executive Vice President President of Administration Company
[Nearest contact address]	9-7-1 Shimorenjaku, Mitaka-shi, Tokyo
[Telephone No.]	(0422) 48-1011 (operator)
[Contact for communications]	Kunimasa Ohta, Executive Vice President President of Administration Company
[Place where available for public inspection]	Tokyo Stock Exchange, Inc. 2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo

Part I [Company Information]

1. [Company Overview]

1 [Key financial data and trends]

(1) Trends in important consolidated management indicators and related data for the most recent 5 fiscal years

Fiscal year		81st	82nd	83rd	84th	85th
Year ended		March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Net sales	(1000s yen)	62,324,553	84,750,332	92,845,203	100,322,699	91,823,335
Ordinary income	(1000s yen)	5,328,010	12,885,762	14,031,621	13,612,728	9,375,477
Net income or loss	(1000s yen)	(3,783,806)	4,459,556	3,125,416	8,741,469	4,813,956
Net assets	(1000s yen)	29,183,430	33,003,352	46,703,281	54,281,931	55,487,148
Total assets	(1000s yen)	94,893,313	100,993,287	109,875,578	114,831,615	107,667,377
Net assets per share	(Yen)	780.87	879.93	1,165.07	1,347.09	1,370.98
Net income or loss per share	(Yen)	(101.67)	118.82	80.77	217.91	119.84
Diluted net income per share	(Yen)	—	108.75	74.02	203.10	111.93
Equity ratio	(%)	30.8	32.7	42.5	47.1	51.2
Return on equity	(%)	—	14.3	7.8	17.3	8.8
Price earnings ratio	(Times)	—	31.4	87.0	18.4	15.3
Cash flow from operating activities	(1000s yen)	4,569,902	7,058,708	8,346,539	10,920,454	10,014,924
Cash flow from investing activities	(1000s yen)	(167,668)	(1,769,282)	(6,160,890)	(3,439,608)	(6,483,910)
Cash flow from financing activities	(1000s yen)	1,662,726	(5,732,018)	(290,775)	(4,638,748)	(4,815,575)
Cash and cash equivalents at end of year	(1000s yen)	12,242,121	11,838,964	13,851,417	16,800,336	15,665,119
Employees		1,100	1,144	1,169	1,235	1,318
(): represents the average number of part-time employees, not included in the above figure.	(Persons)	(515)	(615)	(660)	(840)	(880)

Notes: 1. "Net sales" are presented exclusive of consumption tax.

2. "Diluted net income per share" for the 81st term is not listed because a net loss was recorded for the year.

3. "Return on equity" and "Price/earnings ratio" for the 81st term are not listed because a net loss was recorded for the year.

4. Effective from the 84th fiscal year, Tokyo Seimitsu has adopted "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5) and "Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8) in the Calculation of net assets.

5. Upper number of "Employees" indicates the number of full-time employees.

(2) The Trends in important non-consolidated management indicators and related data for the most recent 5 fiscal years

Fiscal year	81st	82nd	83rd	84th	85th
Year ended	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Net sales (1000s yen)	55,548,522	73,336,931	82,539,637	86,827,830	78,422,216
Ordinary income (1000s yen)	3,243,312	9,676,665	10,423,156	9,847,026	6,492,381
Net income or loss (1000s yen)	(3,591,982)	605,113	2,414,364	5,666,258	3,442,518
Common stock (1000s yen)	7,199,991	7,392,064	9,447,585	9,592,077	9,633,974
Number of shares issued	37,372,993	37,517,954	40,100,167	40,187,517	40,228,281
Net assets (1000s yen)	29,203,984	29,088,510	38,295,761	42,695,134	42,849,473
Total assets (1000s yen)	87,384,707	87,161,929	95,589,714	97,005,649	91,165,407
Net assets per share (yen)	781.80	775.78	955.63	1,058.57	1,056.60
Cash dividends per share (yen)	30.00	30.00	40.00	50.00	70.00
(Interim cash dividends included herein) (yen)	(15.00)	(15.00)	(20.00)	(25.00)	(30.00)
Net income or loss per share (yen)	(96.16)	16.16	62.67	141.25	85.70
Diluted net income per share (yen)	---	14.79	57.43	131.66	80.05
Equity ratio (%)	33.4	33.4	40.1	43.8	46.6
Return on equity (%)	---	2.1	7.2	14.0	8.1
Price earnings ratio (Times)	---	230.8	112.2	28.3	21.4
Cash dividends as a percentage of net income (%)	---	185.9	64.3	35.4	81.7
Employees (): represents the average number of temporary employees, not included in the above figure. (Persons)	642 (345)	635 (430)	644 (445)	665 (565)	742 (585)

Notes: 1. "Net sales" are presented exclusive of consumption tax.

2. "Net income per share (diluted)" for the 81st term is not listed because a net loss was recorded for the year.

3. "Return on equity," "Price earnings ratio," and "Cash dividends as a percentage of net income" for the 81st term are not listed because a net loss was recorded for the year.

4. Effective from the 84th term, Tokyo Seimitsu has adopted "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No.5) and "Implementation Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet" (ASBJ Guideline No.8) in calculation of net assets.

5. Upper number of "Employees" indicates the number of full-time employees.

2 [History]

March 1949	Tokyo Seimitsu Kogu Co., Ltd. (the predecessor of Tokyo Seimitsu Co., Ltd.) was established, and began production and sales of cutting tools for sewing machine manufactures and various precision parts and tools. Capital: 1,600,000 yen
January 1953	The company successfully developed Japan's first highpressure flow-type micrometer.
October 1957	The company successfully developed Japan's first LVDT-type electric micrometer.
April 1962	The company was renamed Tokyo Seimitsu Co., Ltd.
August 1962	The company's stock was listed on the Second Section of the Tokyo Stock Exchange.
December 1963	First phase construction at the Hachioji Plant was completed.
February 1967	Second phase construction at the Hachioji Plant was completed.
April 1969	Tosei Engineering Services Co., Ltd. (now Tosei Engineering Corp.) was established as a company for providing post-sales services.
July 1969	First phase construction at the Tsuchiura Plant was completed.
January 1971	Construction of the main building at the Hachioji Plant was completed.
August 1981	Construction of the Tsuchiura 3D coordinate measuring machine plant was completed.
October 1985	Tosei Systems Co., Ltd. was established as a company for carrying out software development.
September 1986	The company's stock was selected for listing on the First Section of the Tokyo Stock Exchange.
March 1989	Tokyo Seimitsu Europe GmbH (now Accretech (Europe) GmbH) was established in West Germany (now Germany) as a center for overseas business operations.
October 1989	Tokyo Seimitsu America, Inc. was established in the U.S. as a center for overseas business operations.
October 1993	Tokyo Seimitsu purchased the U.S. company Silicon Technology Corporation in order to obtain an overseas production center.
April 1995	The holding company TSK America, Inc. was established for integrated management of U.S. subsidiaries.
July 1997	Construction for expansion of the Hachioji Plant (No. 2 plant building) was completed.
January 1998	In order to streamline production and sales for the North America region, four local subsidiaries in the U.S. were merged, with TSK America, Inc. as the surviving company (now Accretech USA, Inc.).
February 1999	Tokyo Seimitsu increased the capitalization of Micro Technologies Co., Ltd. and reorganized it as a company for production of wafer inspection systems.
April 1999	Construction of the Tsuchiura head office building and plant for our subsidiary Tosei Engineering Corp. was completed.
March 2001	Construction of the new main building at the Hachioji Plant was completed.
June 2001	Stock of Tokyo Seimitsu subsidiary Tosei Engineering Corp. was listed on the Second Section of the Tokyo Stock Exchange.
October 2002	Accretech (China) Co., Ltd. was established as a center for sales, distribution, and maintenance services in China.
March 2005	Construction of the Hachioji No. 3 Plant and Tsuchiura new main building was completed.
October 2005	In order to increase the competitiveness and improve the corporate value of the Tokyo Seimitsu Group, Tokyo Seimitsu carried out a share exchange in order to make the subsidiary Tosei Engineering Corp. a wholly owned subsidiary. As a result, Tosei Engineering Corp. was delisted from the Tokyo Stock Exchange.
January 2007	Tokyo Seimitsu increased the capitalization and reorganized a former local company to create Accretech Korea Co., Ltd. in order to strengthen the sales, service, and support operations for the Korea semiconductor market.
April 2007	Tokyo Seimitsu merged the subsidiary Accretech Micro Technologies Corp. in order to strengthen the competitiveness of the wafer inspection systems business.
March 2008	Construction of the Tsuchiura semiconductor plant at our subsidiary Tosei Engineering Corp. was completed.

3 [Business overview]

The Tokyo Seimitsu Group (the "Group") is composed of Tokyo Seimitsu Co., Ltd. (the "Company") and 19 subsidiary companies, with its primary business being the manufacturing and sales of semiconductor production equipment (SPE) and measuring instruments.

The position of each company's business according to the business categories is shown below. These business categories as in "Business segments."

Semiconductor production equipment (SPE) business

This business handles the wafer probing machines, wafer dicing machines, and other manufacturing and inspection equipment, which is used in the semiconductor manufacturing process. In this business, the Company is responsible for the primary production elements. Our subsidiaries Tosei Engineering Corp. and Accretech USA Inc. are responsible for production of other related products. Sales and post-sales service is carried out primarily by the Company and software is provided by our subsidiary Tosei Systems Co., Ltd. For overseas sales, in addition to exports by the Company, sales are conducted in the U.S. by our subsidiary Accretech USA, Inc., in Europe by our subsidiary Accretech (Europe) GmbH, and in China by our subsidiary Accretech (China) Co., Ltd.

<Major affiliates>

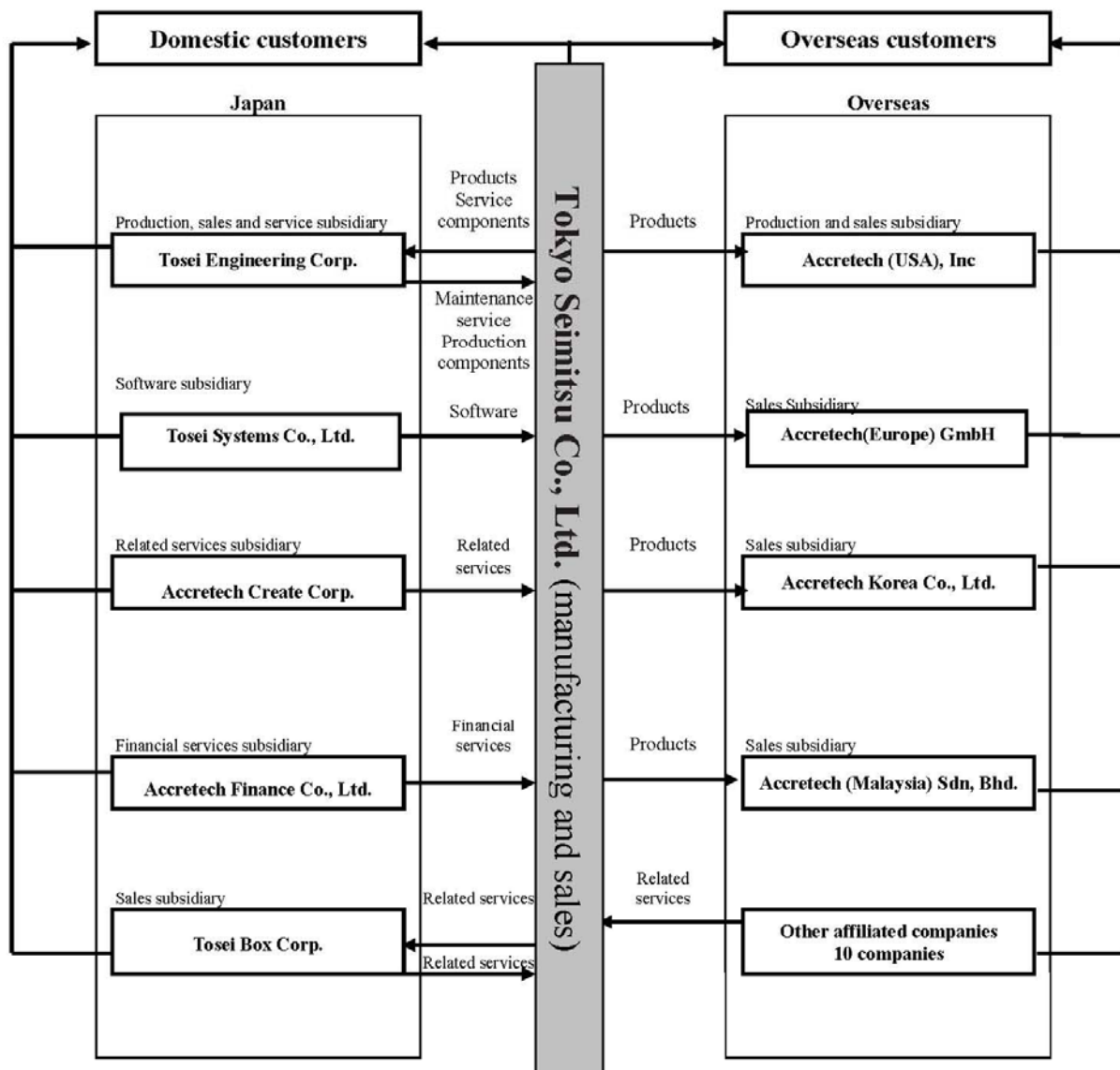
Tosei Engineering Corp., Tosei Systems Co., Ltd., Accretech USA, Inc., Accretech (Europe) GmbH, Accretech (China) Co., Ltd.

Metrology business

This business handles 3D coordinate measuring machines, surface texture and contour measuring systems, and other precision measuring systems. For this business, the Company is responsible for the primary elements of production and sales. Our subsidiary Tosei Engineering Corp. carries out production and after-sales service for a portion of related products, and our subsidiary Tosei Systems Co., Ltd. provides software services. For overseas sales, in addition to exports by the Company, sales are conducted in the U.S. by our subsidiary Accretech USA, Inc., in Europe by our subsidiary Accretech (Europe) GmbH, and in China by our subsidiary Accretech (China) Co., Ltd.

<Major affiliates>

Tosei Engineering Corp., Tosei Systems Co., Ltd., Accretech USA, Inc., Accretech (China) Co., Ltd.



Our consolidated and non-consolidated subsidiaries are as shown below.

	Consolidated subsidiaries	Non-consolidated subsidiaries	Affiliated companies
Company Name	Tosei Engineering Corp. Tosei Systems Co., Ltd. Accretech Create Corp. Tosei Box Corp. Accretech Finance Co., Ltd. Accretech USA, Inc. Accretech (Europe) GmbH Accretech Korea Co., Ltd.	Accretech (China) Co., Ltd. Tosei Engineering (Pinghu) Co., Ltd. Sanmenxia Zhongyuan Tokyo Seimitsu Co., Ltd. Accretech Taiwan Ltd. Accretech(Malaysia) Sdn.Bhd. Accretech (Israel) Ltd. Accretech (Singapore) Pte. Ltd. Tosei Korea Co., Ltd. Tosei (Thailand) Co., Ltd. Tosei Engineering Private Ltd. Accretech Software in Khabarovsk Co., Ltd.	No corresponding companies

4 [Overview of affiliates]

Name of company	Location	Capital or investment	Description of Principal business	Percentage voting rights held by Company (holding Company)		Relationship with Company					
				Hold by Company (%)	Holding Company (%)	Concurrent Position as Directors		Business transactions	Financial assistance	Leasing of fixed assets	
						Company directors	Company employees				
(Consolidated subsidiaries)											
Tosei Engineering Corp. (Note 3)	Tsuchiura, Ibaraki	(1,000s yen) 988,472	SPE business Metrology business	100.0	—	3	—	Supply of parts for SPE to the Company, and maintenance and services for products related to the Company's measuring instruments	No	Yes	
Tosei Systems Co., Ltd.	Hachioji, Tokyo	(1,000s yen) 50,000	SPE business Metrology business	100.0	—	1	3	Provision of software to the Company	No	Yes	
Accretech Create Corp.	Mitaka, Tokyo	(1,000s yen) 10,000	SPE business Metrology business	100.0	—	2	3	Shipping of the Company's products and provision of various other services	Yes	Yes	
Tosei Box Corp.	Hachioji, Tokyo	(1,000s yen) 10,000	Metrology business	100.0	—	—	3	Provision of office facilities to the Company	No	Yes	
Accretech Finance Co., Ltd.	Hachioji, Tokyo	(1,000s yen) 50,000	SPE business	100.0	—	2	2	Provision of financial services to the Company	No	No	
Accretech USA, Inc. (Note 3)	Farmington Hills, Michigan, USA	(1,000s US\$) 12,076	SPE business Metrology business	100 (8.0)	—	2	—	Sales of products related to the Company's SPE and measuring instruments	Yes	No	
Accretech (Europe) GmbH	Munich, Bavaria, Germany	(1,000s Euro) 1,500	SPE business	100.0	—	2	—	Sales of products related to the Company's SPE	No	No	
Accretech Korea Co., Ltd.	Seognami-si, Gyeonggi-do Korea	(Millions KRW) 1,000	SPE business	100.0	—	2	1	Sales of products related to the Company's SPE	Yes	No	

Notes : 1. The "Description of Principal business" column lists the name of the business segment(s).

2. Figures listed in parentheses in the "Percentage voting rights held by Company (holding Company)" column indicate the percent indirectly held.

3. Of the above companies, Tosei Engineering Corp and Accretech USA Inc. are specified subsidiaries.

4. None of the above companies have filed a securities registration statement or securities report.

5. None of the above companies are in negative net assets or provide serious negative effect on the consolidated financial statement.

6. None of the above companies have their net sales (excluding intercompany sales within the Group) exceeding 10% of the consolidated net sales in latest FY.

5 [Employees]

(1) Consolidated companies

As of March 31, 2008

Name of business segment	Number of employees
SPE business	867 (550)
Metrology business	391 (280)
Company-wide (corporate staff)	60 (50)
Total	1,318 (880)

- Notes: 1. The number of employees presented above represents full-time employees.
2. The numbers in parentheses in the "Number of employees" column is the average annual number of part-time employees which have not been included in the number of full-time employees.

(2) The Company

As of March 31, 2008

Number of employees	Average age	Average years of continuous service	Average annual salary (yen)
742 (585)	43.1	16.1	8,463,125

- Notes: 1. The number of employees presented above represents full-time employees.
2. The number in parentheses in the "Number of employees" column is the average annual number of part-time employees which have not been included in the number of full-time employees.
3. The average annual salary includes bonuses and overtime pay.

(3) Trade union

The trade union for this company is a member of Japan Association of Metal, Machinery, and Manufacturing workers (JAM). There are no particular items concerning labor-management relations which require mentioning. While trade unions have not been formed at our consolidated subsidiaries, the labor-management relationships in those subsidiaries are good.

2. [Business Overview]

1 [Overview of business results]

(1) Operating results

While the business environment for the Company during FY 2008 (the year ended March 31, 2008) was severe for the SPE business, it was generally favorable for the metrology business. The consolidated operating results for the Group for FY 2008 were :net sales of ¥91.823 billion (down 8.5% from the previous fiscal year), ordinary income of ¥9.375 billion (down 31.1%), and net income of ¥4.813 billion (down 44.9%). Overseas sales during FY 2008 were ¥44.841 billion, accounting for 48.8% of total consolidated sales.

The operating results by business segment are summarized as follows:

A. SPE business

This business was affected by the decrease or postponement of capital investment by DRAM manufacturers who were affected by the drop in DRAM prices from the start of the year. This trend was particularly significant in the testing process. Sales of wafer probing machines, our Group's primary product and a product claiming a high market share, were also affected accordingly. Although sales increased for some models of wafer dicing machines, polish grinders, and other products for the back-end process, sales and income results for the business as a whole were below those of the previous year. The results for this business in FY 2008 were sales of ¥67.469 billion (down 13.6% from the previous fiscal year) and operating income of ¥4.454 billion (down 49.5%).

B. Metrology business

In this business, growing overseas demand centered on automobile-related industries in the Asia region reinforced solid demand from domestic manufacturers, primarily those in the automobile industry and machine tool industry. In terms of products, the SURFCOM Series and RONDCOM Series of multi-purpose measuring instruments, among others, continued to be highly rated by the customers for their high level of accuracy, contributing to growth in sales and income for this business. The results for this business in FY 2008 were sales of ¥24.354 billion (up 9.6% from the previous fiscal year) and operating income of ¥5.995 billion (up 14.1%).

Following are the general results by regional segment. (The operating income figures are those before internal transactions between segments are eliminated.)

A. Japan

While results for the Metrology business, which benefited from solid demand in Japan and overseas, were strong, there was a large-scale contraction in demand for the primary products of the SPE business, and overall results showed a decrease in both sales and income compared with the previous fiscal year. The results for this segment in FY 2008 were sales of ¥77.920 billion (down 4.9% from the previous fiscal year) and operating income of ¥10.353 billion (down 22.4%).

B. U.S.A

This segment is engaged in manufacturing and sales of SPE primarily for the North America market. Due to shrinking sales in the United States which are leading American semiconductor manufacturers to increasingly contract production overseas, and also to costs incurred in the development of new models, both sales and operating income were significantly below the levels of the previous fiscal year. The results for this segment in FY 2008 were sales of ¥6.109 billion (down 46.6% from the previous fiscal year) and an operating loss of ¥563 million (income of ¥36 million was recorded during the previous fiscal year).

C. Germany

This segment is engaged in sales of SPE in the European market, primarily in Germany. Sales increased due to solid demand from European semiconductor manufacturers, however income decreased as a result of an increase in servicing and other expenses. The results for this segment in FY 2008 were sales of ¥7.304 billion (up 4.9% from the previous fiscal year) and operating income of ¥489 million (down 36.0%).

D. Korea

The results from this segment, which is engaged in SPE sales and services in Korea, were generally strong due to factors, which included our efforts at expanding sales and measures to reduce fixed costs. The results for this segment in FY 2008 were sales of ¥488 million and operating income of ¥72 million. Because Accretech Korea Co., Ltd. has been consolidated, this new segment was added beginning in FY 2008.

Note: The above amounts are exclusive of consumption tax.

(2) Cash flows

Cash and cash equivalents at the end of FY 2008 decreased by ¥1.310 billion. As a result, cash and cash equivalents at the end of FY 2008 were ¥15.665 billion. The cash flows for each type of activity (operating activities, investment activities, and financing activities) are shown below.

Cash and cash equivalents provided by operating activities (amount of positive cash flow) decreased from ¥10.920 billion in FY 2007 to ¥10.014 billion in FY 2008. This was primarily due to the fact that although change in trade notes and accounts receivable shifted largely from an increase of ¥3.096 billion in FY 2007 to a decrease of ¥7.287 billion in FY 2008, income before income taxes and minority interests decreased from ¥13.198 billion in FY 2007 to ¥9.217 billion in FY 2008; change in trade notes and accounts payable also increased from ¥1.379 billion in FY 2007 to ¥3.499 billion in FY 2008, and payment of income taxes increased from ¥2.164 billion in FY 2007 to ¥4.654 billion in FY 2008. Cash and cash equivalents used in investing activities (amount of negative cash flow) increased from ¥3.439 billion in FY 2007 to ¥6.483 billion in FY 2008. This was the result of factors including an increase in payment for purchase of property, plant, and equipment from ¥3.144 billion in FY 2007 to ¥5.013 billion in FY 2008, and the fact that there were no proceeds from sales of investment securities in FY 2008 (there were ¥1.509 billion in FY 2007).

Cash and cash equivalents provided by financing activities (amount of negative cash flow) increased from ¥4.638 billion in FY 2007 to ¥4.815 billion in FY 2008. This was primarily due to factors including our continued repayment of long-term debt while working to make adjustments by means of short-term bank loans, and an increase in payment for redemption of bonds from ¥700 million in FY 2007 to ¥1.2 billion in FY 2008.

2 [Production, orders, and sales]

(1) Actual Production

The production results for each business segment in FY 2008 are shown below.

Business segment	Production (1,000s yen)	Comparison with previous year (%)
SPE business	67,065,974	△ 14.6
Metrology business	24,596,960	+9.9
Total	91,662,934	△ 9.2

Notes: 1. The above production results are based on the sales prices.

2. The above amounts are exclusive of consumption tax.

(2) Orders received

The orders received for each business segment in FY 2008 are shown below.

Business segment	Orders received (1,000s yen)	Comparison with previous year (%)	Order backlog (1,000s yen)	Comparison with previous year (%)
SPE business	57,093,358	△ 30.8	13,447,928	△ 43.6
Metrology business	24,818,086	+7.9	5,628,493	+10.0
Total	81,911,444	△ 22.3	19,076,421	△ 34.1

Notes: 1. The above amounts are exclusive of consumption tax.

(3) Actual Sales

The sales amounts for each business segment in FY 2008 are shown below.

Business segment	Sales (1,000s yen)	Comparison with previous year (%)
SPE business	67,469,003	△ 13.6
Metrology business	24,354,332	+9.6
Total	91,823,335	△ 8.5

Notes: 1. The sales amounts for each major customer and their ratio to total sales are omitted because there are no customers with sales amounts that account for 10% or more of total sales.

2. The above amounts are exclusive of consumption tax.

3 [Issues for the Company and the Group]

(1) Medium and long-term plan

In March 2009, the Group will celebrate the 60th anniversary of its founding. Although it appears that the metrology business are forecasted to achieve the goal of ¥25.0 billion in sales as well as the target operating profit rate that are set out in the "AA60 (Accretech Action 60)" medium term management plan, achieving the goals for the SPE business in the current slumping market will be difficult. Under these conditions, the Group will carry out production innovations, further improve quality and cut costs, expand its market share, and increase its profit rate in preparation for a future recovery of the market.

(2) Strengthening corporate governance

Amidst strong demands for companies to improve their corporate governance and construct risk management systems, the Group is dedicated to constructing an effective internal control system and strengthening its corporate governance in order to ensure sound and transparent management.

4 [Business and other risks]

With regard to disclosure in the Business Overview, Financial Information and other parts of this Securities Report, the salient items which may affect the decisions of our investors can be grouped under the following risk factors.

The Group has taken steps to prevent, disperse, hedge, or otherwise mitigate these risks in order to avoid or reduce them; however in the event of unforeseen circumstances, these risks could have a large effect on the consolidated operating results.

Any future forecasts included in the following descriptions are based on the estimates or judgment of the Group as of the end of FY2008.

(1) Market volatility

As one of the core industries in the continuing growth of high-level IT societies, the semiconductor industry is expected to continue expanding for some time into the future. However, this industry has historically experienced numerous temporary and drastic contractions of the market.

As the major customers of the Group are located in this sort of industry, the issue facing the Group is constructing a profit structure capable of consistently generating earnings even when these kinds of changes occur in the market. For this purpose, the Group as a whole will continue to work for the development and marketing of products with high added value in market segments that have high technological barriers to new entrants. However, there is the possibility of occurring unexpected losses as a result of unforeseeable contractions of the semiconductor market.

(2) Product development

The business field in which the Group operates is one in which revolutionary new technologies are developed and accumulated on a daily basis. Efforts aimed at developing advanced technologies and creating products based on them are an absolute necessity in order to strengthen and maintain competitiveness. However, there always remains the possibility that the results of research and development by the Group may not suit the demands of the market.

(3) Fluctuation in foreign currency exchange rates

Although overseas sales are generally conducted in yen, U.S. dollars are used in some regions, such

as the U.S., and for certain customers. For receivables denominated in U.S. dollars, foreign currency risks are hedged using forward agreements and other methods, and whenever possible the transaction contracts themselves are changed to yen denominations. However, a change in foreign exchange rates of unforeseen level, may impact consolidated operating results.

(4) Protection of intellectual property right

Both the SPE and measuring instruments that are the products of the Group are technologically advanced and we exercise special care in order to protect these technologies. In particular, steps are taken to retain the rights to patents and to protect trademarks and brands in order to protect the Company's interests. However, an unavoidable lawsuit or other dispute with a third party in Japan or overseas concerning these rights may affect the consolidated operating results.

(5) Natural disasters, accidents, and other unforeseen events

In order to prevent, to the extent possible, events which would interfere with the continuation of our production activities, the Group places the greatest importance on measures such as disaster-prevention inspections of manufacturing equipment and capital investment for improving safety. However, there is the possibility that a sudden natural disaster, unforeseen accident, or similar event could damage production equipment, presenting difficulties for the continuation of production operations.

(6) Country risk

Because the Company and the Group conduct operations on a global scale, business is conducted in a manner best suited to the laws and regulations of each individual country. However, there is the possibility that an unexpected change in the laws or regulations of a particular country may affect consolidated operating results. In addition, there is the possibility that unpredictable events such as acts of terrorism, wars, and events of natural catastrophes may also impact consolidated operating results.

5 [Important business contracts]

<The Company>

Business collaboration contract

Name of counterparty	Contents of contract	Contract period
Carl Zeiss Inc. (Germany)	General business collaboration contract related to production, sales, services, and other matters in the multi-purpose measuring instruments field	Five years beginning October 1, 2005

<Consolidated subsidiaries>

There are no notable contracts.

6 [R&D Activities]

The R&D activities of the Group are centered on the Company, which is responsible for primary production within the Group. They cover the full range of SPE products and measuring instrument products at Accretech USA, Inc. and other consolidated subsidiaries. Through these activities, we carry out basic research aimed at long-term growth, product improvements to boost the competitiveness of existing products, and the development of new product models.

The total amount of R&D costs for the Group in FY2008 was ¥7.659 billion. A description of the specific activities in each business segment is provided below.

a.SPE business

In the SPE field, as the trends toward higher-precision LSI with finer structures and toward larger diameter wafers continue, the equipment at our customer companies is becoming increasingly diversified, as these companies pursue automation, higher precision, higher performance, and higher reliability in order to improve production yields and throughput. In recent years, significant advancements have been made in terms of the higher wafer densities, multiple wafer layers, and thinner wafer sizes needed to accompany these finer structures. The Group is working for rapid development of next-generation devices in order to meet these market needs.

The major development results from FY2008 include independent twin stage dicing system "PS280" that singulates CSP substrates with diamond blades.

The total amount of R&D costs for this business area in FY2008 was ¥6.755 billion.

b.Metrology business

As our customers continue to rationalize their production processes and implement factory automation, there are increasing demands for lower prices, in addition to demands for higher precision measurement accuracy and functionality. We are working to develop and improve a range of products to meet these needs.

The major development results from FY2008 include the high precision roundness and cylindrical profile measuring instruments, "RONDCOM 76A"contour measuring instrument, "CONTOURECORD 1710" and in-process gage for inner diameter, "MID Gage."

The total amount of R&D costs for this business area in FY2008 was ¥904 million.

7 [Analysis of financial position and operating results]

(1) Significant accounting policies and estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. When preparing the consolidated financial statements, we perform specific estimates which are necessary for calculations such as, assets and liabilities at the end of the consolidated fiscal year, and income and expenses during the consolidated fiscal year.

These estimates were performed for inventories, accounts receivable, deferred tax assets, investment securities, cost of sales, employee retirement benefit expenses, and other items. These estimates are based on past results with consideration for future expectations, and are performed with an emphasis on sustainable, rational, and conservative evaluation.

(2) Analysis of financial position for FY 2008

The financial position of the Group at the end of FY 2008 consisted of total assets in the amount of ¥107.667 billion (¥77.603 billion in current assets and ¥30.063 billion in fixed assets), liabilities in the amount of ¥52.180 billion, and total net assets of ¥55.487 billion.

[1] Assets

The balance of property, plant, and equipment increased due to the construction of new plant buildings and acquisition of land for the purpose of expanding future production. On the other hand, the decrease in trade receivables which accompanied the decline in sales, and the lower market price of securities resulting from the sluggish stock market, resulted in a decline in total assets of ¥7.164 billion compared with the end of FY 2007.

[2] Liabilities

In addition to the decrease in trade liabilities resulting from the decline in production, and the decrease in income taxes payable resulting from lower net income, we also reduced our interest-bearing liabilities such as bonds and bank loans. As a result, the total liabilities for FY 2008 were ¥8.369 billion lower than at the end of FY 2007.

[3] Net assets

While there were factors which reduced net assets, such as payment of dividends from surplus of ¥2.208 billion and reduction of unrealized holding gain on securities of ¥1.351 billion, we achieved net income of ¥4.813 billion, and as a result the total net assets at the end of FY 2008 were ¥1.205 billion higher than that at the end of FY 2007.

(3) Analysis of operating results for FY 2008

[1] Sales

Sales for FY 2008 were ¥67.469 billion for the SPE business and ¥24.354 billion for the metrology business, with a combined total of the two businesses of ¥91.823 billion. In the SPE business, there was a contraction of demand in the field of our main products, and sales were lower than that in FY 2007; however in the metrology business, sales grew with the support of a generally favorable market environment.

[2] Cost of sales, selling and general administrative expenses

The ratio of the cost of sales to total sales in FY 2008 increased from 72.0% in FY 2007 to 73.8%.

This was due to increased price pressure, which occurred as a result of intensified competition in a sluggish market, and to higher relative production costs caused by a decrease in production.

The ratio of selling and general administration expenses to total sales increased from 14.0% in FY 2007 to 14.8% in FY 2008. While we worked to reduce fixed costs, this was the result of increased sales commissions, sales promotion expenses, and other expenditures for expanding sales channels.

[3] Operating income

As results of [1] and [2] above, operating income for FY 2008 was ¥10.450 billion, and the operating income ratio decreased from 14.0% in FY 2007 to 11.4% in FY 2008.

[4] Non-operating income and expenses

As a result of higher dividend income, non-operating income for FY 2008 increased by ¥336 million from FY 2007 to reach ¥545 million.

The high value of the yen at the end of FY 2008 resulted in a considerable amount of foreign exchange loss from receivables denominated in foreign currencies. As a result, non-operating expenses increased by ¥937 million from FY 2007 to reach ¥1.619 billion.

[5] Extraordinary gains and losses

The only extraordinary gains in FY 2008 were returns on stock acquisition rights in the amount of ¥7 million. On the other hand, extraordinary losses included losses on write down of investment securities and allowances for investment loss, and totaled ¥165 million.

[6] Income before income taxes and minority interests

As a result, income before taxes and minority interests for FY 2008 was ¥9.217 billion.

[7] Income taxes

Income taxes for FY 2008 were ¥4.403 billion, a ratio of 47.78% relative to the income before income taxes and minority interests. This tax burden is higher than the effective tax rate determined by law. The primary reason for this was a more conservative valuation of tax loss carry forwards occurring at consolidated subsidiaries, resulting in a decision not to capitalize deferred tax assets.

[8] Net income

As a result of the above, net income for FY 2008 was ¥4.813 billion, a decrease of ¥3.927 billion from FY 2007.

(4) Factors having important effects on the operating performance

The SPE industry, which is the primary field of activity for the Group, is an industry with a fast pace of technological innovation and with intense competition, producing high-level technological demands. The industry which our customers operate in is the semiconductor industry, an industry which regularly experiences cycles of expansion and contraction on a large-scale. The performance of the Group has been affected by these cycles many times in the past. In this environment, our most important tasks are to constantly develop new products and to continue creating a highly competitive product lineup which can keep the effects of market volatility to a minimum.

(5) Medium- and long-term management strategies

While it is expected that the metrology business will achieve its goals in the mid-term plan, "ACCRETECH Action 60", in the current slumping market, it will be difficult for the SPE business to

achieve its goals. The Group will further innovate production, improve quality and cut costs, expand its market share, and increase its profit rate in preparation for a future recovery of the market.

(6) Sources of capital and capital liquidity

The cash flows during FY 2008 were comprised of a positive cash flow of ¥10.014 billion from operating activities, a negative cash flow of ¥6.483 billion from investment activities, and ¥4.815 billion from financing activities. The balance of cash and cash equivalents at the end of FY 2008 decreased by ¥1.310 billion from FY 2007 to ¥15.665 billion. The primary causes of the positive cash flow from operating activities were operating income and a decrease in trade receivables. The primary cause of the negative cash flow from investment activities was the acquisition of tangible fixed assets, while the primary causes of the negative cash flow from financing activities were repayment of interest-bearing liabilities and payment of dividends.

3. [Equipment and Facilities]

1 [Overview of capital expenditures]

Capital expenditures in FY 2008 were primarily centered on production equipment in both the SPE business and metrology business, and were aimed at rationalizing and expanding production in order to meet the needs of the expanding scale of business and increasingly intense competition.

The total amount of capital expenditures in FY 2008 was ¥6.172 billion. An overview of this investment by business segment is provided below.

(1) SPE business

Capital expenditures in this business during FY 2008 were conducted primarily at the Company and our consolidated subsidiary Tosei Engineering Corp in preparation for expanding production of new and existing products, and also aimed at constructing production lines which can quickly adapt to market conditions and meet customer needs. The primary contents of this investment were ¥2.328 billion for acquisition of the planned site of the Company's new Hachioji Plant, and ¥337 million for construction of the lift machine building at the Company's Hachioji Plant No. 3. In addition, we invested ¥438 million for acquisition of land for the Tosei Engineering Corp. Tsuchiura semiconductor plant, as well as ¥350 million for construction of this plant.

Total capital expenditures in this business during FY 2008 were ¥4.925 billion.

(2) Metrology business

Capital expenditures in this business during FY 2008 were conducted primarily at the Company and our consolidated subsidiary Tosei Engineering Corp. in preparation for expanding production, and also aimed at achieving cost reductions and constructing efficient and flexible production lines. The primary contents of this investment were ¥500 million to start construction of the Company's Tsuchiura assembly plant, and ¥351 million to expand the Tosei Engineering's Kita-Kandatsu plant.

Total capital expenditures in this business during FY 2008 were ¥1.247 billion.

2 [Major equipment and facilities]

(1) The Company

At March 31, 2008

Location	Business segment	Description	Book value (1000s yen)				Total	Number of employees
			Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m ²)		
Hachioji Plant (Hachioji, Tokyo)	SPE business	Production equipment for semiconductor production equipment	5,212,915	1,418,396	379,604	3,442,796 (37)	10,453,712	452
Tsuchiura Plant (Tsuchiura, Ibaraki)	Metrology business	Production equipment for measurement instruments	1,101,322	35,773	78,480	151,377 (17)	1,366,955	132
Head Office & Sales (Mitaka, Tokyo)	SPE business Metrology business	Head office buildings, others	155,033	7,859	98,866	203,726 (2)	465,486	45
Sales offices	SPE business Metrology business	Sales office vehicles, others	11,192	5,325	11,928	— (-)	28,445	113
Others	SPE business Metrology business	Guest houses, others	43,108	—	2,724	52,059 (3)	97,892	0

(2) Domestic subsidiaries

At March 31, 2008

Company	Location	Business segment	Description	Book value (1000s yen)				Total	Number of employees
				Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m ²)		
Tosei Engineering Corp.	Head Office & Plant (Tsuchiura, Ibaraki)	SPE business Metrology business	Production equipment for measurement instruments, others	1,509,451	510,228	117,706	1,719,374 (33)	3,856,761	285
Tosei Systems Co., Ltd.	Head Office (Hachioji, Tokyo)	SPE business Metrology business	Instrument supplies, others	881	—	706	— (-)	1,587	58
Accretech Create Corp.	Head Office (Mitaka, Tokyo)	SPE business Metrology business	Production equipment for measurement instruments, others	134,949	3,023	701	133,356 (6)	272,031	13
Tosei Box Corp.	Head Office (Hachioji, Tokyo)	Metrology business	Head office building, others	143,535	—	538	1,976 (1)	146,049	14

(3) Overseas subsidiaries

At March 31, 2008

Company	Location	Business segment	Description	Book value (1000s yen)					Number of employees
				Buildings & structures	Machinery & vehicles	Tools & supplies	Land (1000s m ²)	Total	
ACCRETECH USA, INC	Head Office (Farmington Hills, Michigan, USA)	SPE business Metrology business	Production equipment for semiconductor production equipment, others	488,099	731,301	63,801	57,020 (11)	1,340,223	110
ACCRETECH (EUROPE) GmbH	Head Office (Munich, Bavaria, Germany)	SPE business	Inspection devices, instrument supplies, others	13,331	500	30,295	— (—)	44,128	51
ACCRETECH KOREA CO, LTD	Head Office (Seongnam-si, Gyeonggi-do, Korea)	SPE business	Inspection devices, instrument supplies, others	—	—	13,640	— (—)	13,640	45

Notes: 1. The book value does not include amounts for construction in progress account.

2. Currently there is no idle equipment.

3. Major leased equipment from sources other than consolidated subsidiaries is as follows:

The Company

Location	Business segment	Description	Qty.	Lease period	Annual lease fee (1000s)	Lease contract balance (1000s yen)
Hachioji Plant (Hachioji, Tokyo)	SPE business	CMP System	1 set	69 months	50,544	286,416
		Cleaning Unit for CMP	1 set	72 months	33,732	160,227

3 [Plans for equipment and facility additions or disposals]

(1) Additions of major equipment and facilities

Company	Location	Business segment	Equipment or facility		Expected amount of investment		Start date	Expected completion date
			Type	Description	Total (1,000s yen)	Amount already invested (1,000s yen)		
The Company	Hachioji Plant (Hachioji, Tokyo)	SPE business	Buildings and structures	No. 5 plant construction, others	2,517,895	163,341	Dec. 2007	April 2009
			Machinery	Precision flat-surface shaping grinder, others	809,259	213,775	Dec. 2007	July 2009
			Vehicles	Forklifts, others	19,549	—	April 2008	October 2008
			Tools, instruments	MCAD server, others	177,993	—	April 2008	March 2009
			Software	3D CAD system, others	76,145	—	April 2008	March 2009
					3,600,841	377,116		
	Tsuchiura Plant (Tsuchiura, Ibaraki-ken)	Metrology business	Buildings and structures	Construction of 3D measuring machine plant, others	985,834	500,000	May 2007	Sept. 2008
			Machinery	SURFCOM 2000, others	14,959	—	April 2008	Sept. 2008
			Vehicles	Forklifts, others	5,880	—	April 2008	June 2008
			Tools, instruments	Jigs for 3D coordinate measuring machines, others	28,088	5,594	April 2007	March 2009
			Software	Production control system, others	3,900	—	April 2008	March 2009
					1,038,661	505,594		
	Mitaka Head Office (Mitaka, Tokyo)	SPE business Metrology business	Tools, instruments	Production of promotional video, others	10,260	—	April 2008	Nov. 2008
			Software	Update of consolidation system, others	788	—	May 2008	June 2008
					11,048	—		
	Other offices	SPE business Metrology business	Buildings and structures	Electrical repair work at Osaka Sales Office	1,066	—	June 2008	Sept. 2008
			Tools, instruments	PCs, others	2,920	—	April 2008	Sept. 2008
					3,986	—		
Total				4,654,536	882,710			
Tosei Engineering Corp.	Head Office, plants, and others (Tsuchiura-shi, Ibaraki-ken, and elsewhere)	SPE division Measuring systems division	Machinery	Machining center, others	67,000	—	June 2008	Oct. 2008
			Vehicles	Sales vehicles	29,000	—	April 2008	Dec. 2008
			Tools, instruments	3D CAD, PCs, others	90,000	—	April 2008	Sept. 2008
			Total			186,000	—	

Note: 1. Future required capital will be financed internally.

2. Because it is difficult to quantitatively estimate the capacity increase after completion, this information has been omitted.

3. The above amounts do not include consumption tax.

(2) Disposal of major equipment and facilities

Except for disposals conducted in the course of the Group's routine renewal of its equipment and facilities, there is no plan for significant disposals of any major equipment and facilities.

4. [Corporate Information]

1 [Information on the Company's shares]

(1) Number of shares and other

[1] Number of shares

Type	Total number of shares authorized to be issued
Common stock	110,501,100
Total	110,501,100

[2] Number of shares issued

Type	Number of shares issued at end of the financial year (As of March 31, 2008)	Number of shares issued on the filing date of the securities report (As of June 27, 2008)	Stock exchanges on which the Company is listed	Description
Common stock	40,228,281	40,228,281	Tokyo Stock Exchange (First Section)	—
Total	40,228,281	40,228,281	—	—

Note: The number of shares issued as of the filing date of the securities report does not include those issued upon the exercise of share subscription rights (including bonds with warrants for the purchase of shares of common stock issued under former Commercial Code of Japan) during the period from June 1, 2008, through the filing date of this report.

(2) Status of share subscription rights

[1] Share subscription rights

The 1st share subscription rights

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	145 *Note1	Same as at left
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	14,500 *Note1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	3,239 per share *Note2	Same as at left
Exercise period for share subscription rights	July 1, 2004-June 30, 2009	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 3,239 Amount to be credited to common stock 1,620	Same as at left
Conditions for exercise of the share subscription rights	Partial exercise of each share subscription right is permitted only when the number of shares issued upon exercise of the share subscription right is an integer multiple of the number of shares in unit of company share.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

The 2nd share subscription rights

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	370 *Note1	Same as at left
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	37,000 *Note1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	3,370 per share *Note2	Same as at left
Exercise period for share subscription rights	July 1, 2005-June 30, 2010	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 3,370 Amount to be credited to common stock 1,685	Same as at left
Conditions for exercise of the share subscription rights	Partial exercise of each share subscription right is permitted only when the number of shares issued upon exercise of the share subscription right is an integer multiple of the number of shares in unit of company share.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

The 3rd share subscription rights

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	1,346 *Note1	Same as at left
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	134,600 *Note1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	3,317 per share *Note2	Same as at left
Exercise period for share subscription rights	July 1, 2006-June 30, 2011	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 3,317 Amount to be credited to common stock 1,659	Same as at left
Conditions for exercise of the share subscription rights	Partial exercise of each share subscription right is permitted only when the number of shares issued upon exercise of the share subscription right is an integer multiple of the number of shares in unit of company share.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

The 4th share subscription rights

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	784 *Note1	Same as at left
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	78,400 *Note1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	4,740 per share *Note2	Same as at left
Exercise period for share subscription rights	July 1, 2007-June 30, 2012	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 4,740 Amount to be credited to common stock 2,370	Same as at left
Conditions for exercise of the share subscription rights	Partial exercise of each share subscription right is permitted only when the number of shares issued upon exercise of the share subscription right is an integer multiple of the number of shares in unit of company share.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

The 5th share subscription rights

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	768 *Note1	Same as at left
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	76,800 *Note1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	5,828 per share *Note2	Same as at left
Exercise period for share subscription rights	July 26, 2008-June 30, 2013	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 5,828 Amount to be credited to common stock *Note3	Same as at left
Conditions for exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note5	Same as at left

The 6th share subscription rights

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	806 *Note1	803 *Note1
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	80,600 *Note1	80,300 *Note1
Amount to be subscribed upon the exercise of the share subscription rights (yen)	4,615 per share *Note2	Same as at left
Exercise period for share subscription rights	July 20, 2009-June 30, 2014	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 4,615 Amount to be credited to common stock *Note3	Same as at left
Conditions for exercise of the share subscription rights	If the holder of the subscription right abandons the subscription right, exercise of that subscription right shall not be possible.	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note4	Same as at left
Matters relating to the provisions for acquisition of share subscription rights	*Note5	Same as at left

Share subscription rights issued June 2005 (stock-based compensation type)

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	342 *Note1	Same as at left
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	
Number of shares to be issued upon the exercise of share subscription rights	34,200 *Note1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	June 30, 2005-June 30, 2025	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock 1	Same as at left
Conditions for exercise of the share subscription rights	*Note6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	—	—

Share subscription rights issued July 2006 (stock-based compensation type)

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	263 *Note1	Same as at left
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	26,300 *Note1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 15, 2006-July 14, 2026	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note3	Same as at left
Conditions for exercise of the share subscription rights	*Note6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note4	Same as at left
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note5	Same as at left

Share subscription rights issued July 2007 (stock-based compensation type)

	As of the end of the fiscal year (March 31, 2008)	As of the end of the month prior to the date this report was submitted (May 31, 2008)
Number of share subscription rights	296 *Note1	Same as at left
Number of share subscription rights held by the Company	—	—
Type of shares to be issued upon the exercise of share subscription rights	Common Stock	Same as at left
Number of shares to be issued upon the exercise of share subscription rights	29,600 *Note1	Same as at left
Amount to be subscribed upon the exercise of the share subscription rights (yen)	1 per share	Same as at left
Exercise period for share subscription rights	July 20, 2007-July 19, 2027	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price 1 Amount to be credited to common stock *Note3	Same as at left
Conditions for exercise of the share subscription rights	*Note6	Same as at left
Transfer of the share subscription rights	Approval by the Board of Directors is required in order to transfer share subscription rights.	Same as at left
Matters relating to subrogation payment	—	—
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note4	Same as at left
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note5	Same as at left

Notes: 1. The number of shares issued upon the exercise of the share subscription rights (hereafter referred to as “Number of Shares Granted”)

(Adjustment of the Number of Shares Granted)

If the Company conducts a stock split or reverse stock split, the Number of Shares Granted shall be adjusted according to the following formula, with resulting fractions less than 1 share to be rounded down.

Adjusted Number of Shares Granted = Number of Shares Granted before adjustment × Stock split (or reverse stock split) ratio

In addition, if another unavoidable circumstance which requires adjusting the Number of Shares Granted occurs, the Number of Shares Granted shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

2. The amount to be paid by the holders upon the exercise of each share subscription right shall be the amount calculated by multiplying the amount to be subscribed per share (hereafter the “Exercise Price”) for the Company’s shares of common stock that may be issued upon the exercise of share subscription rights by the number of shares granted. However, if any of the cases below takes place, the Exercise Price shall be adjusted by applying the following formulas, with resulting fractions less than one yen to be rounded up.

- (1) A stock split or reverse stock split of the Company stock occurs.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Stock split (or reverse stock split) ratio}}$$

- (2) If the Company issues shares of new common stock or disposes of its treasury stock at prices less than the then-current market price (excluding the costs of exercise of share subscription rights, and also the costs of conversion of convertible bonds as defined in the Japanese Commercial Code prior to its April 1, 2002 revision).

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of new shares to be issued (disposed of)} \times \text{Issue (disposal) price per share}}{\text{Market price}}}{\text{Number of shares already issued} + \text{Number of new shares to be issued}}$$

(3) If another unavoidable circumstance which requires adjusting the Exercise Price occurs, the Exercise Price shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

3. The amount of capital increase occurring when shares are issued upon exercise of a share subscription right shall be 1/2 of the capital increase limit as calculated according to Article 40, Item 1 of the Corporate Calculation Rules, with resulting fractions less than one yen to be rounded up.

4. In the event that the Company experiences a merger (only if the company is eliminated as a result of the merger), absorption-type company split or incorporation-type company split (in each case only if the Company becomes a split company), or stock swap or stock transfer (in each case only if the Company becomes a wholly owned subsidiary) (the above events hereafter collectively referred to by the general term “Structural Reorganization”), then the holders of share subscription rights remaining at the time the Structural Reorganization takes effect (hereafter referred to as “Remaining share subscription rights”) shall be provided with share subscription rights based on the conditions below for the public company as indicated in Article 236, Item 1, Number 8, (a) – (e) of the Corporation Law of Japan (hereafter referred to as “Reorganized Company”). However, the provision of share subscription rights for the Reorganized Company in accordance with the conditions below shall occur only when such provision is specified in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, stock swap agreement, or stock transfer plan.

(1) Number of share subscription rights for the Reorganized Company to be provided

The number of provided share subscription rights shall be the same as the number of Remaining share subscription rights possessed by the holder of the Remaining share subscription rights.

(2) Class of Reorganized Company shares issued upon exercise of the share subscription rights

The issued shares shall be common stock of the Reorganized Company.

(3) Number of Reorganized Company shares issued upon exercise of the share subscription rights

The number of issued shares shall be determined in accordance with “Number of shares issued upon exercise of stock acquisition rights” in the table above, with consideration for the conditions and other details of the Structural Reorganization.

(4) Amount to be paid by the holder of the share subscription right upon exercise of that right

The amount to be paid by the holder of the provided share subscription right upon exercise of that right shall be the amount calculated by multiplying the post-reorganization paid-in amount (determined by adjusting the Exercise Price with consideration for the conditions and other details of the Structural Reorganization) by the number of Reorganized Company shares issued upon exercise of the stock acquisition rights as determined according to (3) above.

For the post-reorganization paid-in amount of share subscription rights provided as stock-based compensation, the amount shall be 1 yen per share of the Reorganized Company.

(5) Period in which the share subscription rights can be exercised

The period shall be from either the start date determined in “Exercise period for share subscription rights” above or the date on which the Structural Reorganization took effect (whichever of these dates is later) until the end date determined in “Exercise period for stock acquisition rights” above.

(6) Restrictions on acquisition of share subscription rights by transfer

The acquisition of share subscription rights by transfer requires approval by a resolution of the Reorganized Company Board of Directors.

(7) Provisions for acquisition of the share subscription rights

This shall be determined in accordance with “Items related to the provisions for acquisition of share subscription rights” above.

(8) Other conditions concerning exercise of the share subscription rights

These shall be decided in accordance with “Conditions for exercise of the share subscription rights” above.

5. If any of resolutions (1) – (5) listed below is approved by a General Meeting of Shareholders of the Company or, when a resolution of the General Meeting of Shareholders is not required, if a resolution by the Board of Directors or decision by a representative executive officer occurs, the Company shall be permitted to acquire share subscription rights at no cost on the date decided separately by the Board of Directors.

(1) A resolution approving a merger agreement by which the Company becomes an extinct company

(2) A resolution approving a split agreement or split plan by which the Company becomes a split company

(3) A resolution approving a stock swap agreement or stock transfer plan by which the Company becomes a wholly owned subsidiary

(4) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of any shares issued by the company

(5) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of shares which were issued by the company upon exercise of share subscription rights, or in order for the Company to acquire all of this class of stock pursuant to a resolution by the General Meeting of Shareholders.

6. (1) The share subscription rights can only be exercised when the holder of the share subscription rights has lost his/her position as a director of the Company (including executive officers of companies with a committee system of corporate governance) or executive officer.

However, the share subscription rights can be exercised only during the period from the date following the day on which the holder of the share subscription rights lost his/her position (hereafter referred to as the “Right Exercise Start Date”) until the day when 7 days have passed after the Right Exercise Start Date (or if that day is not a business day, the preceding business day).

(2) In the event that the holder of the share subscription rights dies, the heirs of the holder may exercise the share subscription rights.

However in this case, the share subscription rights can be exercised only during the period from the date following the date of the holder’s death until the day when 6 months have passed from this date (or if that day is not a business day, the preceding business day).

[2] Bonds with share subscription rights

Yen-denominated convertible-bonds with share subscription rights maturing in 2008 (issued October 6, 2003)

	March 31, 2008	May 31, 2008
Balance of bonds with share subscription rights (1,000s yen)	13,965,000	Same as at left
Number of share subscription rights	2,793 units	Same as at left
Number of share subscription rights held by the Company included in the share subscription rights	---	---
Type of shares to be issued upon the exercise of the share subscription rights	Common stock	Same as at left
Number of shares to be issued upon the exercise of the share subscription rights	2,728,711 shares	Same as at left
Amount to be subscribed upon exercise of the share subscription rights (yen)	¥5,117.80 per share *See note.	Same as at left
Exercise period for share subscription rights	From October 20, 2003 to September 22, 2008	Same as at left
Upon the exercise of the share subscription rights, issue price and amount to be credited to common stock (yen)	Issue price: ¥5,117.80 Amount credited to capital: ¥2,559	Same as at left
Conditions for exercise of the share subscription rights	The Company asserts that if the Company loses its benefit of time for the bonds, that right may not be subsequently exercised. In addition, this share subscription right may not be partially exercised.	Same as at left
Transfer of the share subscription rights	There are no restrictions on transfer.	Same as at left
Matters relating to subrogation payment	When the holder of this bond with share subscription right exercises this share subscription right, the full exercise price is deemed to have been paid in exchange for redemption of the bond value.	Same as at left
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	---	---

Note: The amount to be paid by the holder per share upon exercise of this share subscription right (hereafter referred to as "Conversion Price") shall be adjusted according to the formula below in the event that the Company issues shares of new common stock or disposes of its treasury stock at issue prices less than the current market price at that time after this bond with share subscription rights was issued.

$$\text{Adjusted Conversion Price} = \text{Conversion Price Before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of new shares to be issued (disposed of)} \times \text{Issue (disposal) price per share}}{\text{Market price}}}{\text{Number of shares already issued} + \text{Number of new shares to be issued}}$$

In addition, the Conversion Price shall be adjusted as appropriate in the case of a split or reverse split of the Company's common stock, issue of share subscription rights (including those provided with bonds with share subscription rights) that allow the holder to request provision of the Company's common stock at prices below the current market price at that time, or for other designated reasons.

(3) Contents of the rights plan

Not applicable

(4) Changes in the number of shares issued, the amount of common stock and related others

Period	Changes in the number of shares issued (shares)	Balance of the number of shares issued (shares)	Changes in common stock (1,000s yen)	Balance of common stock (1,000s yen)	Changes in additional paid-in capital (1,000s yen)	Balance of additional paid-in capital (1,000s yen)
April 1, 2004 – March 31, 2005 *Note	144,961	37,517,954	192,073	7,392,064	211,113	12,017,854
April 1, 2005 – March 31, 2006 *Note	2,582,213	40,100,167	2,055,521	9,447,585	4,802,924	16,820,779
April 1, 2006 – March 31, 2007 *Note	87,350	40,187,517	144,492	9,592,077	144,421	16,965,201
April 1, 2007– March 31, 2008 *Note	40,764	40,228,281	41,896	9,633,974	41,887	17,007.088

Note: Breakdown by reason for changes in the number of shares issued, the amount of capital, and the amount of paid-in capital

Date	Reason for change	Changes in the number of shares issued (shares)	Changes in common stock (1,000s yen)	Changes in the amount of paid-in capital (1,000s yen)
April 1, 2004 – March 31, 2005	Increase due to exercise of share subscription rights of bonds with share subscription rights	144,961	192,073	211,113
April 1, 2005 – March 31, 2006	Issue of new shares for stock swap	1,711,203	---	2,747,820
	Increase due to exercise of share subscription rights of stock option	180,800	287,893	287,752
	Increase due to exercise of share subscription rights of convertible bonds with share subscription rights	690,210	1,767,627	1,767,351
April 1, 2006 – March 31, 2007	Increase due to conversion of convertible bonds	550	499	499
	Increase due to exercise of share subscription rights of stock option	86,800	143,992	143,992
April 1, 2007 – March 31, 2009	Increase due to conversion of convertible bonds	27,564	25,000	24,997
	Increase due to exercise of share subscription rights of stock option	13,200	16,895	16,889

(5) Details of shareholders

At March 31, 2007

Classification	Status of shares (1 unit = 100 shares)								Shares under 1 unit
	National and local governments	Financial institutions	Securities companies	Other corporations	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders	0	75	29	403	192	16	32,980	33,695	—
Number of shares held (units)	0	137,805	4,879	47,150	20,126	112	191,684	401,756	52,681
Ratio (%)	0.00	34.30	1.21	11.74	5.01	0.03	47.71	100.00	—

Notes: 1. Treasury stock of 29,552 shares are included in "Individuals and other" for 295 units and in "Shares under 1 unit" for 52 shares. The effective number as of March 31, 2008 was 29,552 shares.

2. Included in "Other corporations" and "Shares less than 1 unit" are 4 units and 53 shares respectively held under the name of Japan Securities Depository Center, Inc.

(6) Principal shareholders

At March 31, 2008

Name	Address	Number of Shares held (1,000s)	Number of Shares held as a percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. Trust account	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	5,146	12.79
The Nomura Trust and Banking Co., Ltd. Trust account	2-2-2 Otemachi, Chiyoda-ku, Tokyo	1,368	3.40
The Precise Measurement Technique Promoting Foundation	3-1-6-203 Kyonan-cho, Musashino-shi, Tokyo	1,058	2.63
Mizuho Corporate Bank, Ltd.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	840	2.09
Japan Trustee Services Bank, Ltd. Trust account	1-8-11 Harumi, Chuo-ku, Tokyo	801	1.99
Shoei Co., Ltd.	1-2-1 Kanda Nishiki-cho, Chiyoda-ku, Tokyo	728	1.81
Hideko Takagi	Mitaka-shi, Tokyo	580	1.44
Ayako Yano	Chiyoda-ku, Tokyo	565	1.41
The Dai-Ichi Mutual Life Insurance Company	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	501	1.25
Sony Life Insurance Co., Ltd.	1-1-1 Minami Aoyama, Minato-ku, Tokyo	429	1.07
Total	—	12,020	29.88

Note: The following corporations have submitted a Large Shareholding Report (change report). The reports of the number of shares held have been submitted on the dates listed below. However, because the Company was unable to verify the actual number of shares held as of the end of the most recent fiscal year, they are not considered to be among the "Major shareholders" above.

Name	Address	Shares held (1,000s)	Shares held as a percentage of total shares issued (%)	Reporting obligation date
Fidelity Investments	4-3-1 Toranomon, Minato-ku, Tokyo	3,441	8.55	June 29, 2007
Mitsubishi UFJ Financial Group *	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	2,302	5.72	February 25, 2008

* The report concerns shared holdings by The Bank of Tokyo-Mitsubishi UFJ, Ltd. (shares held: 50,000), Mitsubishi UFJ Trust and Banking Corporation (shares held: 1,817,000), Mitsubishi UFJ Securities Co., Ltd. (shares held: 222,000), Mitsubishi UFJ Securities International plc (shares held: 3,000), and Mitsubishi UFJ Asset Management Co., Ltd. (shares held: 209,000).

(7) Status of voting rights

[1] Shares issued

At March 31, 2008

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	---	---	---
Shares with limited voting rights (treasury stock, etc.)	---	---	---
Shares with limited voting rights (other)	---	---	---
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock: 29,500	---	---
Shares with full voting rights (others)	Common stock: 40,146,100	401,461	---
Shares under one unit	Common stock: 52,681	---	---
Total shares issued	40,228,281	---	---
Total voting rights held by all shareholders	---	401,461	---

Notes 1. The common stock in the “Shares with full voting rights (others)” includes 453 shares (4 voting rights) held under the name of the Japan Securities Depository Center Inc.

2. The common stock in the “Shares under one unit” includes 52 shares of treasury stock owned by the Company.

[2] Treasury stock, etc.

At March 31, 2008

Shareholders	Address of shareholders	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total (Shares)	Percent of total shares issued (%)
(Treasury stock) Tokyo Seimitsu Co., Ltd.	9-7-1 Shimorenjaku, Mitaka-shi, Tokyo	29,500	---	29,500	0.07
Total	---	29,500	---	29,500	0.07

(8) Stock option plans

The Company has adopted a stock option plan under which share subscription rights are granted to directors, auditors and employees of the Company and its subsidiaries and affiliates in accordance with the former Commercial Code of Japan and the Company Law.

The details of the plan are as follows.

The 1st share subscription rights

Date for resolution	June 27, 2002 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 10 Auditors of the Company: 4 Employees of the Company: 51 Directors of subsidiaries: 4 Employees of subsidiaries: 3
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Status of share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

The 2nd share subscription rights

Date for resolution	June 27, 2003 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 10 Auditors of the Company: 4 Employees of the Company: 44 Directors of subsidiaries: 6 Employees of subsidiaries: 4
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

The 3rd share subscription rights

Date for resolution	June 29, 2004 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 10 Auditors of the Company: 4 Employees of the Company: 53 Directors of subsidiaries: 5 Employees of subsidiaries: 10
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

The 4th share subscription rights

Date for resolution	June 29, 2005 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 11 Auditors of the Company: 4 Employees of the Company: 273 Directors of subsidiaries: 16 Employees of subsidiaries: 3
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

The 5th share subscription rights

Date for resolution	June 29, 2006 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 9 Auditors of the Company: 5 Employees of the Company: 277 Directors of subsidiaries: 11 Employees of subsidiaries: 6
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

The 6th share subscription rights

Date for resolution	June 28, 2007 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 9 Employees of the Company: 319 Directors of subsidiaries: 8 Employees of subsidiaries: 18
Type of shares to be issued upon the exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

Share subscription rights issued in June 2005 (stock-based compensation type)

Date for resolution	June 29, 2005 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 7 Employees of the Company (executive officers): 11
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

Share subscription rights issued in July 2006 (stock-based compensation type)

Date for resolution	June 29, 2006 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 6 Employees of the Company (executive officers): 12
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

Share subscription rights issued in July 2007 (stock-based compensation type)

Date for resolution	June 28, 2007 (Annual general meeting of the shareholders)
Categories and numbers of persons to whom rights are granted	Directors of the Company: 6 Employees of the Company (executive officers): 12
Type of shares to be issued upon exercise of the share subscription rights	Listed in “(2) Share subscription rights.”
Number of shares	Same as above
Amount to be subscribed upon the exercise of the share subscription rights (yen)	Same as above
Exercise period	Same as above
Conditions for the exercise of the share subscription rights	Same as above
Transfer of the share subscription rights	Same as above
Matters relating to subrogation payment	Same as above
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	Same as above

Date for resolution	June 27, 2008
Categories and numbers of persons to whom rights are granted	Directors, auditors, and employees of the Company and its subsidiaries *Note 1
Type of shares to be issued upon the exercise of the share subscription rights	Common stock
Number of shares	80,000 shares at maximum *Note 2
Amount to be subscribed upon the exercise of the share subscription rights (yen)	*Note 3
Exercise period	From the day two years after the day following the allotment date to June 30, 2015.
Conditions for the exercise of the share subscription rights	Conditions for the exercise of the share subscription rights must be decided by the Board of Directors of the Company.
Transfer of the share subscription rights	Any and all transfers of share subscription rights must be approved by the Board of Directors of the Company.
Matters relating to subrogation payment	---
Matters relating to the issuance of share subscription rights as a result of organizational restructuring action	*Note 4
Matters relating to the provisions for acquisition of share subscription rights	*Note 5

Notes 1. The specific numbers of persons for each category to whom rights are granted will be determined by a decision at a future meeting of the Board of Directors.

2. The number of shares issued upon the exercise of the share subscription rights (hereafter referred to as “Number of Shares Granted”) shall be 100 shares. However, the Number of Shares Granted may be adjusted according to the provisions below.

If the Company conducts a stock split or reverse stock split, the Number of Shares Granted shall be adjusted according to the following formula, with resulting fractions less than 1 share to be rounded down.

$$\text{Adjusted Number of Shares Granted} = \text{Number of Shares Granted before adjustment} \times \text{Stock split (or reverse split) ratio}$$

In addition, if another unavoidable circumstance which requires adjusting the Number of Shares Granted occurs, the Number of Shares Granted shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

3. The amount to be paid by the holders upon the exercise of each share subscription right shall be the amount calculated by multiplying the amount to be subscribed per share (hereafter the “Exercise Price”) for the Company’s shares of common stock that may be issued upon the exercise of share subscription rights by the number of shares granted.

The Exercise Price shall be either the 1.025 times the average of the closing price for the Company’s common stock at the Tokyo Stock Exchange during all days in the month preceding the share subscription right allotment date, or the closing price on the day preceding the allotment date, whichever is higher.

However, if any of the cases below takes places, the Exercise Price shall be adjusted by applying the following formulas, with resulting fractions less than one yen to be rounded up.

- (1) A stock split or reverse stock split of the Company stock occurs.

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Stock split (or reverse stock split) ratio}}$$

- (2) If the Company issues shares of new common stock or disposes of its treasury stock at prices less than the then-current market price (excluding cases such as sales of treasury stock based on requests from shareholders holding a quantity of shares less than 1 unit for the Company to sell shares in quantities less than 1 unit).

$$\text{Adjusted Exercise Price} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of new shares to be issued (disposed of)} \times \text{Issue (disposal) price per share}}{\text{Market price}}}{\text{Number of shares already issued} + \text{Number of new shares to be issued}}$$

- (3) In addition to the above, when providing other share classes to shareholders at no cost and in other unavoidable circumstances which require adjusting the Exercise Price, the Exercise Price shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

4. In the event that the Company experiences a merger (only if the company is extinguished as a result of the merger), absorption-type company split or incorporation-type company split (in each case only if the Company becomes a split company), or stock exchange or stock transfer (in each case only if the Company becomes a wholly owned subsidiary) (the above events hereafter collectively referred to by the general term “Organizational restructuring action”), then the holders of share subscription rights remaining at the time the

Organizational restructuring action takes effect (hereafter referred to as “Remaining Share subscription rights”) shall be provided with share subscription rights based on the conditions below for the public company as indicated in Article 236, Paragraph 1, Number 8, (a) – (e) of the Company Act of Japan (hereafter referred to as “Reorganized Company”). However, the provision of share subscription rights for the Reorganized Company in accordance with the conditions below shall occur only when such provision is specified in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, stock exchange agreement, or stock transfer plan.

- (1) Number of share subscription rights for the Reorganized Company to be provided
The number of provided share subscription rights shall be the same as the number of Remaining Share subscription rights possessed by the holder of the Remaining Share subscription rights.
 - (2) Type of Reorganized Company shares issued upon the exercise of the share subscription rights
The issued shares shall be common stock of the Reorganized Company.
 - (3) Number of Reorganized Company shares issued upon the exercise of the share subscription rights
The number of issued shares shall be determined in accordance with “Number of shares” in the table above, with consideration for the conditions and other details of the Organizational restructuring action.
 - (4) Amount to be paid by the holder of the share subscription right upon the exercise of that right
The amount to be paid by the holder of the provided share subscription right upon the exercise of that right shall be the amount calculated by multiplying the post-reorganization paid-in amount (determined by adjusting the Exercise Price with consideration for the conditions and other details of the Organizational restructuring action) by the number of Reorganized Company shares issued upon the exercise of the share subscription rights as determined according to (3) above.
 - (5) Period in which the share subscription rights can be exercised
The period shall be from either the start date determined in “Exercise period for share subscription rights” above or the date on which the Organizational restructuring action took effect (whichever of these dates is later) until the end date determined in “Exercise period for share subscription rights” above.
 - (6) Restrictions on acquisition of share subscription rights by transfer
The acquisition of share subscription rights by transfer requires approval by a resolution of the Reorganized Company Board of Directors.
 - (7) Provisions for acquisition of the share subscription rights
The provisions shall be determined in accordance with “Matters relating to the provisions for acquisition of share subscription rights” above.
5. If any of resolutions (1) – (5) listed below is approved by a General Meeting of Shareholders of the Company (or, when a resolution of the General Meeting of Shareholders is not required, if a resolution by the Board of Directors or decision by a representative executive officer occurs), the Company shall be permitted to acquire share subscription rights at no cost on the date decided separately by the Board of Directors.
- (1) A resolution approving a merger agreement by which the Company becomes an extinct company
 - (2) A resolution approving a split agreement or split plan by which the Company becomes a split company
 - (3) A resolution approving a stock exchange agreement or stock transfer plan by which the Company becomes a wholly owned subsidiary
 - (4) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of any shares issued by the company
 - (5) A resolution approving a change in the articles of incorporation in order to require approval by the Company for acquisition by means of stock transfer of shares which were issued by the Company upon the exercise of share subscription rights, or in order for the Company to acquire all of this class of stock pursuant to a resolution by the General Meeting of Shareholders.

2 [Acquisition of treasury stock]

Type of shares: Acquisition of shares of common stock under Article 155, Paragraph 7 of the Company Law of Japan

(1) Acquisition of treasury stock based on a resolution approved at the annual general meeting of shareholders

Not applicable

(2) Acquisition of treasury stock based on a resolution approved by the Board of Directors

Not applicable

(3) Acquisition of treasury stock not based on a resolution approved at the general meeting of shareholders or Board of Directors

Acquisition of treasury stock under Article 155, Paragraph 7, of the Company Law of Japan

Classification	Number of shares	Total amount (1,000s yen)
Treasury stock acquired during FY2008	1,588	5,776
Treasury stock acquired during the period for acquisition	118	220

Note: "Treasury stock acquired during the period for acquisition" does not include the number of shares under 1 unit purchased during the period from June 1, 2008 to the filing date of this Securities Report.

(4) Current status of disposition and holding of acquired treasury stock

Classification	FY2008		Period for acquisition	
	Number of shares	Total disposition amount (1,000s yen)	Number of shares	Total disposition amount (1,000s yen)
Acquired treasury stock for which subscribers were solicited	---	---	---	---
Acquired treasury stock which was disposed of	---	---	---	---
Acquired treasury stock for which transfer of shares was conducted in association with merger, stock exchange, or corporate separation.	---	---	---	---
Others (sales of shares under 1 unit)	251	902	61	218
Number of shares of treasury stock held	29,552	---	29,609	---

Note: 1 "Acquired treasury stock which was disposed of during the period" does not include shares under 1 unit which were sold between June 1, 2008 and the date that this Securities Report was submitted.

2 "Treasury stock acquired during the period for acquisition" does not include shares under 1 unit which were purchased or sold between June 1, 2008 and the date that this Securities Report was submitted.

3 [Dividend policy]

The Company believes that one of its most important management tasks is to enhance its corporate value so that it can constantly distribute profits to shareholders by providing unsurpassed products based on state-of-the-art technologies in growth fields.

The Company makes it a basic policy to distribute dividends from surplus twice annually (that is, an interim dividend and a year-end dividend.) Dividends are determined with consideration for various factors, including consolidated business results, financial position, and investments for business expansion. More specifically, the Company tries to pay dividends at 30% of the consolidated net income. At the same time, in consideration of shareholders' long-term prospects, the Company endeavors to ensure a full-year dividend of ¥30 per share, even in case of slumping business conditions.

For FY 2008, the Company paid an interim dividend of ¥30 per share. Based on the above basic policy, the Company decided to pay a year-end dividend of ¥40 per share, for a full-year dividend of ¥70.

Retained earnings will be used effectively for the capital investments that are indispensable for the growth of the Company, including research and development activities and production facilities.

The Company has included the following statement in its articles of incorporation. "Pursuant to a resolution of the Board of Directors, interim dividends may be paid to shareholders or registered pledgees listed or recorded in the latest shareholder registry on September 30 of each year." The Board of Directors acts as the deciding body for the interim dividend, while the General Meeting of Shareholders acts as the deciding body for the year-end dividend.

Note: The dividends from earned surplus for which the record date belongs to the current fiscal year (year ended March 31, 2008) are as follows.

Date of resolution	Total dividend amount (1,000s yen)	Dividend per share
Resolution of the Board of Directors meeting on November 15, 2007	1,204,964	¥30
Resolution of the annual general meeting of shareholders held on June 27, 2008	1,607,949	¥40

4 [Changes in the market price of the Company's share]

(1) Highest and lowest share prices during the past 5 years

Fiscal Year	81st	82nd	83rd	84th	85th
Fiscal Year-end	March, 2004	March, 2005	March, 2006	March, 2007	March, 2008
Highest (yen)	3,990	3,960	8,840	7,640	4,900
Lowest (yen)	1,961	3,010	3,520	3,920	1,627

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

(2) Highest and lowest share prices during the past 6 months

Month	October, 2007	November	December	January, 2008	February	March
Highest (yen)	2,905	2,860	2,990	2,640	2,315	1,942
Lowest (yen)	2,320	2,260	2,530	2,000	1,785	1,627

Note: The above prices are those quoted on the First Section of the Tokyo Stock Exchange.

5 [Directors and Auditors]

Function	Position	Name	Date of birth	Career profile		Term of office	Number of shares owned
Representative Director	Chairman and CEO	Sadakatsu Suzuki	June 13, 1943	April 1966 Oct. 1989 June 1990 June 1996 April 2000 April 2003 June 2005 April 2008	Joined the Company. Hachioji Plant Manager, Production Headquarters Director Managing Director Representative Director President & COO President, CEO & COO Chairman & CEO (current position)	*Note 2	(1,000s) 37
Representative Director	President and COO	Kazuo Fujimori	Oct. 15, 1946	April 1970 Jan. 1996 Oct. 1999 July 2001 June 2002 April 2003 Oct. 2007 April 2008	Joined Toyota Motor Corporation Chief, Production Technology Development Department Joined the Company. Tsuchiura Plant Manager, Production Headquarters Director Representative Director. Representative Director and President & COO President & COO (current position)	*Note 2	4
Representative Director	CFO	Kunimasa Ohta	Feb. 16, 1949	April 1971 April 1996 June 1999 April 2001 April 2002 June 2002 April 2003 June 2004 Oct. 2004	Joined The Fuji Bank, Limited. Kobe Branch Manager Director and Accounting Division Manager at Toho Rayon Co., Ltd. Joined the Company. Managing Executive Officer of the Administration Company Director President of the Administration Company (current position) Representative Director Representative Director and CFO (current position)	*Note 2	8
Director	Group CIO Director in Charge of Production	Shigeru Umenaka	Mar. 17, 1948	Feb. 1970 June 1992 June 1996 Oct. 1997 April 2004 June 2004 Oct. 2007	Joined Tosei Engineering Service Co., Ltd. (now Tosei Engineering Corp.). Director and General Manager of Administration Department Managing Director Representative Senior Managing Director President (current position) Director of the Company Director in Charge of Production	*Note 2	12
Director	President of Accretech (Europe) GmbH	Wolfgang Bonatz	Dec. 21, 1964	Oct. 1992 April 1996 Nov. 1999 Oct. 2001 June 2002	Joined Tokyo Seimitsu Europe GmbH (now Accretech (Europe) GmbH). General Manager Director President (current position) Director (concurrently) of the Company (current position)	*Note 2	1
Director	President of Metrology Company	Hitoshi Yoshida	Nov. 26, 1959	April 1983 April 2000 April 2002 April 2005 June 2005 Oct. 2007	Joined the Company. Tsuchiura Plant Manager of Production Headquarters, Metrology Group Measuring Instrument Group Leader Metrology Company Executive Officer, Group Measuring Instrument Group Leader Metrology Company Managing Executive Officer, Group Measuring Instrument Group Leader Director (current position) President of Metrology Company (current position)	*Note 2	1

Function	Position	Name	Date of birth	Career history		Term of office	Number of shares owned (1,000s)
Director	President of Semiconductor Company	Ryuichi Kimura	Dec. 30, 1962	April 1986 April 2000 April 2005 June 2005 April 2007	Joined the Company. Sales Section 1 Manager, Semiconductor Sales Dept. 1, Sales Headquarters Semiconductor Company Executive Officer, Sales Division Tokyo Sales Office General Manager and Osaka Sales Office General Manager Director (current position) President of Semiconductor Company (current position)	*Note 2	2
Standing Auditor	---	Hideaki Takagi	Nov. 10, 1947	July 1976 Mar. 1983 June 1984 June 1993 Oct. 1997 April 2004 June 2006	Joined Fujitsu Limited. Joined the Company. Director Managing Director Director (concurrently) President, Tosei Engineering Corp Director of the Company, Consultant Auditor of the Company (current position)	*Note 3	213
Auditor	---	Masashi Hisatomi	Mar. 13, 1937	April 1959 June 1988 May 1990 May 1992 June 1994 June 1995 June 2003 June 2005	Joined the Fuji Bank, Limited. Director and Sales Planning Division Manager Managing Director Executive Director Teikoku Piston Ring Co., Ltd. Vice President President Chairman of the Board Auditor of the Company (current position)	*Note 4	1
Auditor	---	Eiji Kawahara	June 28, 1935	April 1958 June 1969 June 1990 June 1994 April 2000 Mar. 2002 June 2006	Joined Ohto Ballpoint Pen Industries Inc. Joined the Company. Director Managing Director Representative Director Resigned from Representative Director. Auditor of the Company (current position)	*Note 3	34
Auditor	---	Nadamu Takata	May 26, 1944	April 1998 June 2000 June 2003 June 2004 June 2005 June 2007	Managing Director, Sakura Bank Limited (now Sumitomo Mitsui Banking Corporation) President, Muromachi-Shoji, Co., Ltd. Director, Duskin Co., Ltd. Managing Director, Duskin Co., Ltd. Executive Director, Duskin Co., Ltd. Auditor of the Company (current position)	*Note 5	---
Total							318

Notes: 1. Auditors Masashi Hisatomi & Nadamu Takata are outside auditors as defined in Article 2, No. 16 of the Company Law of Japan.

2. Until the conclusion of the Regular General Meeting of Shareholders for the final fiscal year ending within 1 year following the conclusion of the Regular General Meeting of Shareholders which was held on June 27, 2008
3. Until the conclusion of the Regular General Meeting of Shareholders for the final fiscal year ending within 4 years following the conclusion of the Regular General Meeting of Shareholders which was held on June 29, 2006
4. Until the conclusion of the Regular General Meeting of Shareholders for the final fiscal year ending within 4 years following the conclusion of the Regular General Meeting of Shareholders which was held on June 29, 2005
5. Until the conclusion of the Regular General Meeting of Shareholders for the final fiscal year ending within 4 years following the conclusion of the Regular General Meeting of Shareholders which was held on June 28, 2007
6. In order to prevent any situations in which the Company fails to maintain the number of auditors required by law, the Company has appointed 1 alternate auditor as defined in Article 329, Paragraph 2 of the Company Law of Japan.

Name	Date of birth	Career history		"Number of shares owned (1,000s shares)"
Shu Hamba	August 21, 1965	April, 1993 February, 2004	"Registered as an attorney at law, No. 1 Tokyo Bar Association. Joined Iwata Godo, Attorneys and Counsellors at Law" Registered as an attorney at law, New York, USA.	---

6 [Corporate governance]

(1) Basic corporate governance philosophy

Increasing economic globalization is bringing about rapid changes in the requirements and expectations placed on how companies do business. The Company recognizes that the construction of a management system which can match the speed of these changes, and a full corporate governance system which is aligned with the international standardization of management and which takes into account the perspective of the shareholders, is vital to sustaining growth and increasing corporate value. The Company respects shareholder rights and espouses equal treatment. We also recognize the importance of respecting the rights of and building sound relationships with all stakeholders. We strive to maintain transparent operations through appropriate information disclosure, and are dedicated to ensuring the effectiveness of our corporate governance system by making effective use of the Board of Directors, Board of Auditors, and other management bodies.

(2) The Company's organization

The Company adopted an executive officer system and internal company system in April 2002. At this time, the Company was divided into three internal companies: the Semiconductor Company, Metrology Company, and Administration Company. While the conduct of daily operations was entrusted to each company and their executive officers, in order to provide greater corporate governance, at the same time in addition to the existing Board of Directors and Board of Auditors, we established the "Audit Division," "Management Support Division," and "Export Control Division" that are overseen directly by the President. We have also established the "Compliance Committee," "Risk Management Committee," "Information Management Committee" and other committees as company-wide organizations that span the internal companies.

The maximum number of directors as determined by the articles of incorporation is 15. The articles of incorporation also require that "resolutions which appoint directors must be made at meetings where shareholders with a minimum of 1/3 of the exercisable shareholder voting rights are present, and must be approved by a majority of the present voting rights," and also that such resolutions "shall not be decided by cumulative voting."

(3) Status of the Company's internal control system

- [1] The Board of Directors holds regular meetings once each month. It makes decisions concerning important operational matters and monitors the status of business execution. It also works to construct an effective internal control system and to establish a system for compliance with laws, regulations, and the articles of incorporation.
- [2] The auditors make up the Board of Auditors, which monitors the effectiveness and function of the internal control system. The auditors also comprise the members of the Advisory Committee, which assists the Chairperson of the Board of Directors. This committee examines the suitability of directors' compensation and various themes of management.
- [3] The Audit Division is overseen directly by the President, and carries out internal audits in order to verify issues such as compliance with laws, regulations, the articles of incorporation, and company rules, as well as the validity of the management. If the audits conducted by the Audit Division discover any business practices where there is the risk of violating laws or regulations, the articles of incorporation, or company rules, the Audit Division immediately reports to the President, and gives instructions for the necessary corrections or improvements. In order to ensure the smooth operation of the Audit Division, instructions are given to each company department for the creation and maintenance of regulations, guidelines, manuals, and similar items related to the conduct of operations, and a complete awareness of the purpose of the Audit Division is ensured.
- [4] The "Accretech Group Code of Conduct" has been created to ensure that in all business activities, employees always observe laws, regulations, and social rules, and act in conformance with the articles of incorporation and company rules, as well as conduct themselves in a manner that is honest and ethical. We have also established the "Compliance Committee" in order to ensure that the business practices of our employees conform to laws, regulations, and the articles of incorporation. Based on the "Compliance Rules," the Compliance Committee formulates the annual compliance activity plan, and convenes regular meetings of the committee at least once every two months. If any problems related to compliance occur, the Compliance Committee immediately reports the problem, its details, and a plan for correction to the Board of Directors and Board of Auditors.

The Company has also established an internal reporting system as a means of allowing the compliance system to function effectively.

- [5] The Management Support Division has been established as a system for ensuring the correctness of operations in the Group.
The Management Support Division collects information concerning various problems and major risks within the Group, and works to share the information throughout the Group and to ensure the correctness of business activities. In addition, the Management Support Division ensures a sufficient exchange of information between the Company and the Audit Division (or equivalent division at the subsidiaries) in order to prevent inappropriate transactions or accounting practices involving the Company or its subsidiaries.
- [6] Dealing with the risk related to the reliability of financial reporting on the Company and its subsidiaries, the Company institutes "Basic Principles of Internal Control Over Financial Reporting" as a policy to ensure the control activity to reduce the risk sufficiently.
- [7] The Group mandates the severance of relationships with anti-social forces as a part of the "Accretech Group Code of Conduct," and collects related information from sources such as the relevant police departments and the shareholder registry, in order to understand the most recent changes in preparation for unforeseen events. Responses to anti-social forces are determined by each responsible department, and are carried out in cooperation with external organizations as necessary.
- (4) Status of the risk management system
The Company has established a "Risk Management Committee," chaired by the President, which is intended to identify and manage risks associated with our business practices. Based on the "Risk Management Regulations," the Risk Management Committee helps prevent potential risks, while developing a system for emergency preparedness. In addition, during risks situations, this committee immediately establishes a "Risk Response Headquarters" that is managed by the President, and carries out activities aimed at responding to the risk and quickly bringing it under control.
- [1] Composition of the Risk Management Committee
- (A) The committee chairman is the President.
 - (B) The Vice Chairman and committee members are appointed from among the executive officers at each internal company, the directors of subsidiaries, or equivalent persons.
 - (C) The secretariat is the President of the Administration Company.
- [2] Activities of the Risk Management Committee
- (A) The Risk Management Committee initially formulates the risk management action plan, then follows that action plan and convenes regular meetings of the committee at least once every 2 months, and requests reports from primary risk divisions concerning activities to prevent potential risks.
 - (B) The Risk Management Committee reports the minutes of the regular meetings as necessary to the Board of Directors.
- [3] Communication system for manifested risks
If a risk becomes manifested, the Risk Management Committee and primary risk divisions immediately report the details of the manifested risk and the plan for correction to the Board of Directors and Board of Auditors via the Risk Management Committee members and the responsible officials. If necessary, the "Risk Response Headquarters" is also immediately established.
- [4] Composition of the Risk Response Headquarters
- (A) The headquarters is managed by the President.
 - (B) The secretariat is the President of the Administration Company.
 - (C) The headquarters members are the related directors and auditors, as well as persons selected by the President.
- [5] Duties of the Risk Response Headquarters
- (A) Collect information concerning the manifested risk
 - (B) Review, decide on, and carry out response plans
 - (C) Communicate with and respond to related government agencies
 - (D) Create a plan for and respond to media institutions
 - (E) Review, decide on, and carry out plans to prevent recurrence
 - (F) All other duties related to the manifested risk
- [6] Notification of the manifest risk
- (A) When notification to the government agencies concerning the manifested risk is necessary, the notification shall be made to the responsible government agencies quickly and accurately.
 - (B) Notification to government agencies is the duty of the Risk Response Headquarters secretariat.
 - (C) The secretariat must obtain the advance approval of the Board of Directors for the contents of the notification to the government agencies.
- [7] Important points concerning the Risk Response Headquarters

(A) When reviewing and deciding on response plans and recurrence prevention plans, the Risk Response Headquarters shall pay sufficient attention to the effects on the company trust and reputation, and to the effects on business performance.

(B) In order to resolve the manifested risk, the Risk Response Headquarters is permitted to request the advice of third parties as necessary.

[8] Disbanding of the Risk Reaction Headquarters

The Risk Response Headquarters is disbanded by a decision of the headquarters secretariat when the manifested risk has been eliminated.

(5) Compensation paid to directors and auditors

In FY2008, the amounts of compensation paid to directors and auditors were as follows.

[1] Compensation paid to directors: ¥277,355 thousand

[2] Compensation paid to auditors: ¥50,325 thousand (including ¥24,435 thousand paid to outside auditors)

Notes: 1. No directors from outside the company are appointed.

2. Based on a resolution of the 83rd Regular General Meeting of Shareholders held in June 2006, compensation paid to directors was at or below the annual amount of ¥360 million. The same 83rd Regular General Meeting of Shareholders approved setting an upper annual limit of ¥200 million on compensation (separate from the above amount) related to share subscription rights provided in the form of stock options.

3. Based on a resolution of the 83rd Regular General Meeting of Shareholders held in June 2006, compensation paid to auditors was at or below the annual amount of ¥60 million. The same 83rd Regular General Meeting of Shareholders approved setting an upper annual limit of ¥15 million on compensation (separate from the above amount) related to share subscription rights provided in the form of stock options.

(6) Remuneration paid to independent auditors

In FY2008, the amounts of remuneration paid to independent auditors were as follows.

[1] Remuneration for the services stipulated by Certified Public Accountants Law, Article 2, Paragraph 1: ¥29,520 thousand

[2] Remuneration for other services: (Note) ¥1,995 thousand d

Note: This is related to the advisory service concerning maintenance, operation and assessment of the Internal Control Over Financial Reporting.

(7) Organization, personnel, and procedures for internal audits and independent auditor audits, and cooperation between internal audits, independent auditor audits, and accounting audits

As of March 31, 2008, the Board of Auditors, as a parallel organization to the Board of Directors, is composed of 2 internal auditors and 3 outside auditors. Through means such as attending meetings of the Board of Directors and other important meetings, holding hearings concerning the status of business practices, and examining important financial documents, the members carry out audits related to the business practices, accounting processes, financial management, and other activities of the Company, checking for any actions which violate laws, regulations, or the duty of good faith. When reviewing to determine whether or not the annual financial reports reflect the true status of the Company, the Board of Auditors receives reports and explanations from the accounting auditors. The Board of Auditors and the accounting auditors hold meetings for reporting and reviews related to matters such as accounting audit systems, plans, and operating conditions once every 2 months, working to maintain close cooperation.

The Audit Division is a different internal auditing organization. This organization is overseen directly by the President, and is composed of 2 members. It cooperates with the Board of Auditors, and is primarily tasked with checking the establishment, rules, and conformance of the capacities, authorities and related matters of the various internal organizations. The Audit Division and Board of Auditors hold meetings for reporting and reviews once each month.

(8) Personnel relationships, capital relationships, and commercial or other business relationships between the Company and the outside directors/auditors

[1] No directors from outside the Company are appointed.

[2] The relationships between the outside auditors and the Company are as follows.

Name	Relationship	Capital relationship (number of shares of the Company owned)	Commercial or other business relationship
Masashi Hisatomi	Not applicable	1,000 shares	None
Nadamu Takada	Not applicable	0 shares	None

(9) Names, affiliated independent auditors, years of continuous auditing service, assistants to the audits, and other information for the Certified Public Accountants who have carried out auditing work

[1] Names, affiliated independent auditors, and years of continuous auditing service for the Certified Public Accountants who have carried out auditing work

Name of Certified Public Accountant		Affiliated independent auditor	Years of continuous auditing service
Designated employee and partner	Hidetoshi Watanabe	Ernst & Young ShinNihon	---
	Kohichi Taniguchi		---

[2] Assistants to the audits

Certified Public Accountants: 8, Junior accountants: 17, Others: 1

(10) Authority for the Board of Directors to decide resolutions of the General Meeting of Shareholders

[1] So that the Company is able to carry out its capital strategy in a flexible manner that is appropriate for changes in the business environment, the articles of incorporation state that "under the provisions of Article 165, Paragraph 2 of the Company Law of Japan, the Company may, by resolution of the Board of Directors, acquire its own shares through market trading and other means that are identified in Paragraph 1 of the same article."

[2] In order to return profits to the shareholders in a flexible manner, the articles of incorporation state that "the Company may, by resolution of the Board of Directors, pay an interim dividend to shareholders or registered pledgees listed or recorded in the latest shareholder registry on September 30 of each year."

(11) Requirements for special resolutions of the General Meeting of Shareholders

In order to ensure smooth operation of the General Meeting of Shareholders by reducing the quorum required for a special resolution, the articles of incorporation state that "the resolutions which are identified in Article 309, Paragraph 2 of the Company Law of Japan require the attendance of 1/3 or more of shareholders with voting rights, and shall be decided by a minimum 2/3 majority of the voting rights present."

5. [Financial Information]

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with “Regulations Concerning the Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976, hereafter referred to as “Regulations for Consolidated Financial Statements”).

However, the consolidated financial statements for FY2007 (April 1, 2006 – March 31, 2007) were prepared in accordance with the “Regulations for Consolidated Financial Statements” before amendment; whereas, the consolidated financial statements for FY2008 (April 1 2007 – March 31, 2008) were prepared in accordance with the “Regulations for Consolidated Financial Statements” after amendment.

- (2) The non-consolidated financial statements of the Company are prepared in accordance with “Regulations Concerning the Terminology, Forms, and Preparation Methods of Non-Consolidated Financial Statements” (Ministry of Finance Ordinance No. 59, 1963, hereafter referred to as “Regulations for Non-Consolidated Financial Statements”).

However, the consolidated financial statements for FY2007 (April 1, 2006 – March 31, 2007) were prepared in accordance with the “Regulations for Non-Consolidated Financial Statements” before amendment; whereas, the consolidated financial statements for FY2008 (April 1 2007 – March 31, 2008) were prepared in accordance with the “Regulations for Non-Consolidated Financial Statements” after amendment.

2. Audit reports

The Company has had its the consolidated financial statements and non-consolidated financial statements of FY2007 (April 1, 2006 – May 31, 2007), pursuant to Article 193-2 of the Securities and Exchange Law, and of FY2008 (April 1, 2008 – May 31, 2008), pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, audited by Ernst & Young ShinNihon.

1. Consolidated Financial Statements
(1) Consolidated financial statements
[1] Consolidated balance sheets

Accounts	Note No.	FY 2007 (As of March 31, 2007)		FY 2008 (As of March 31, 2008)	
		Amounts (1,000s yen)	%	Amounts (1,000s yen)	%
ASSETS					
I. Current Assets					
1. Cash and cash equivalents		16,826,012		15,693,119	
2. Trade notes and accounts receivable	*4	39,717,059		32,282,137	
3. Inventories		27,207,713		27,676,688	
4. Deferred tax assets		1,607,312		757,337	
5. Other current assets		1,231,663		1,239,636	
6. Allowance for doubtful accounts		△ 28,232		△ 45,335	
Total current assets		86,561,528	75.4	77,603,585	72.1
II. Fixed Assets					
1. Property, plant, and equipment					
(1) Buildings and structures		13,454,280		14,750,235	
Accumulated depreciation		5,234,824	8,219,456	5,936,412	8,813,822
(2) Machinery and equipment		5,838,974		6,166,377	
Accumulated depreciation		3,205,056	2,633,917	3,453,968	2,712,409
(3) Tools, furniture and fixtures		3,621,367		3,759,323	
Accumulated depreciation		2,748,765	872,601	2,960,327	798,995
(4) Land			3,002,690		5,761,686
(5) Construction in progress			452,216		882,710
Total property, plant, and equipment			15,180,882		18,969,624
			13.2		17.6
2. Intangible fixed assets					
(1) Goodwill			2,888,719		2,495,612
(2) Other			701,145		692,913
Total intangible assets			3,589,865		3,188,525
			3.1		3.0
3. Investments and other assets					
(1) Investment securities	*1		5,966,253		4,397,141
(2) Long-term loan			374,180		13,021
(3) Deferred tax assets			1,551,285		1,841,311
(4) Other	*1		1,620,324		1,758,244
(5) Allowance for investment loss			—		△ 82,361
(6) Allowance for doubtful accounts			△ 12,705		△ 21,715
Total investment and other assets			9,499,338		7,905,641
			8.3		7.3
Total fixed assets			28,270,086		30,063,792
			24.6		27.9
Total assets			114,831,615		107,667,377
			100.0		100.0

Accounts	Note No.	FY 2007 (As of March 31, 2007)		FY 2008 (As of March 31, 2008)	
		Amounts (1,000s yen)	%	Amounts (1,000s yen)	%
LIABILITIES					
I. Current Liabilities					
1. Trade notes and accounts payable	*4	23,596,002		19,530,025	
2. Short-term debt		118,090		1,800,600	
3. Current portion of long-term debt		3,117,000		2,692,000	
4. Current portion of bonds		1,200,000		13,965,000	
5. Current portion of convertible bonds		50,000		—	
6. Accrued income taxes		3,483,094		1,777,126	
7. Accrued bonuses for employees		956,377		889,098	
8. Accrued director's bonuses		59,500		14,500	
9. Other	*4	3,732,019		3,871,699	
Total current liabilities		36,312,084	31.6	44,540,049	41.4
II. Long-term Liabilities					
1. Bonds		13,965,000		—	
2. Long-term debt		6,163,500		3,471,500	
3. Accrued pension and severance cost		3,816,129		3,891,639	
4. Accrued director's retirement benefits		292,969		106,251	
5. Long-term accounts payable		—		170,789	
Total long-term liabilities		24,237,598	21.1	7,640,179	7.1
Total liabilities		60,549,683	52.7	52,180,229	48.5
NET ASSETS					
I. Shareholders' equity					
1. Common stock		9,592,077		9,633,974	
2. Capital surplus		20,611,614		20,653,306	
3. Retained earnings		22,322,242		24,900,366	
4. Treasury stock		△ 101,043		△ 105,917	
Total shareholders' equity		52,424,891	45.6	55,081,729	51.2
II. Accumulated gains from valuation and translation adjustment					
1. Unrealized holding gain on investment		1,416,285		65,269	
2. Foreign currency translation adjustment		257,178		△ 35,361	
Total accumulated gains from valuation and translation adjustment		1,673,464	1.5	29,908	0.0
III. Share subscription rights					
Total net assets		54,281,931	47.3	55,487,148	51.5
Total liabilities and net assets		114,831,615	100.0	107,667,377	100.0

[2] Consolidated statements of income

Account	Note No.	FY 2007 (April 1, 2006 - March 31, 2007)		FY 2008 (April 1, 2007 - March 31, 2008)			
		Amounts (1,000s yen)	%	Amounts (1,000s yen)	%		
I. Net sales			100,322,699	100.0	91,823,335	100.0	
II. Cost of sales	*2		72,211,232	72.0	67,763,314	73.8	
Gross profit			28,111,467	28.0	24,060,021	26.2	
III. Selling, general, and administrative expenses	*1, 2						
1. Selling expenses		10,593,910			10,398,146		
2. General, and administrative expenses		3,431,096	14,025,006	14.0	3,211,757	13,609,903	14.8
Operating income			14,086,461	14.0		10,450,117	11.4
IV. Non-operating income							
1. Interest income		46,414			52,431		
2. Dividend income		68,454			414,607		
3. Interest on refund of income taxes		25,945			—		
4. Other		67,417	208,232	0.2	78,000	545,039	0.6
V. Non-operating expenses							
1. Interest expenses		259,486			243,383		
2. Foreign exchange loss		—			1,090,145		
3. Loss on disposal of inventory assets		162,034			—		
4. Loss on disposal or sales of fixed assets		145,927			—		
5. Other		114,517	681,965	0.6	286,150	1,619,679	1.8
Ordinary income			13,612,728	13.6		9,375,477	10.2
VI. Extraordinary gains							
1. Returns on share subscription rights		—			7,282		
2. Gain on consumption tax refund		155,335			—		
3. Gain on sale of land		112	155,448	0.2	—	7,282	0.0
VII. Extraordinary losses							
1. Loss on valuation of investment securities		—			81,708		
2. Allowance for investment losses		—			82,361		
3. Expenses related to lawsuits		517,780			—		
4. Other		51,891	569,672	0.6	950	165,019	0.2
Income before income taxes and minority interests			13,198,504	13.2		9,217,739	10.0
Income taxes (current)		4,310,225			2,976,017		
Income taxes (deferred)		146,809	4,457,035	4.5	1,427,765	4,403,783	4.8
Net income			8,741,469	8.7		4,813,956	5.2

[3] Consolidated statements of changes in net assets

FY2007 (April 1, 2006 - March 31, 2007)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006 (1,000s yen)	9,447,585	20,466,626	15,399,597	△ 90,083	45,223,726
Changes during FY 2007					
Issue of new shares	144,492	144,421			288,914
Cash dividends paid *Note 1			△ 1,804,324		△ 1,804,324
Bonuses to directors *Note 2			△ 14,500		△ 14,500
Net income			8,741,469		8,741,469
Purchases of treasury stock				△ 11,551	△ 11,551
Disposal of treasury stock		565		591	1,157
Net changes in items other than those in shareholders' equity					
Total changes in FY 2007 (1,000s yen)	144,492	144,987	6,922,644	△ 10,959	7,201,164
Balance as of March 31, 2007 (1,000s yen)	9,592,077	20,611,614	22,322,242	△ 101,043	52,424,891

	Accumulated gains from valuation and translation adjustment			Share subscription rights	Total net assets
	Unrealized holding gain on investment securities	Foreign currency translation adjustments	Total accumulated gains from valuation and translation adjustment		
Balance as of March 31, 2006 (1,000s yen)	1,340,474	139,080	1,479,555	—	46,703,281
Changes during FY 2007					
Issue of new shares					288,914
Cash dividends paid *Note 1					△ 1,804,324
Bonuses to directors *Note 2					△ 14,500
Net income					8,741,469
Purchases of treasury stock					△ 11,551
Disposal of treasury stock					1,157
Net changes in items other than shareholders' equity	75,811	118,097	193,909	183,576	377,485
Total changes in FY 2007 (1,000s yen)	75,811	118,097	193,909	183,576	7,578,650
Balance as of March 31, 2007 (1,000s yen)	1,416,285	257,178	1,673,464	183,576	54,281,931

Notes: 1. This is composed of the profit distribution of ¥801,474 thousand determined by the Regular General Meeting of Shareholders in June 2006 and the interim dividend of ¥1,002,849 thousand determined by a resolution of the Board of Directors in November 2006.

2. This is the profit distribution determined by the Regular General Meeting of Shareholders in June 2006.

FY 2008 (April 1, 2007 - March 31, 2008)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007 (1,000s yen)	9,592,077	20,611,614	22,322,242	△ 101,043	52,424,891
Changes during FY 2007					
Issue of new shares	41,896	41,887			83,783
Cash dividends paid *Note 1			△ 2,208,947		△ 2,208,947
Net income			4,813,956		4,813,956
Purchases of treasury stock				△ 5,776	△ 5,776
Disposal of treasury stock		△ 195		902	707
Change in retained earnings from newly consolidated subsidiaries			△ 26,885		△ 26,885
Net changes in items other than those in shareholders' equity					
Total changes in FY 2007 (1,000s yen)	41,896	41,691	2,578,124	△ 4,873	2,656,838
Balance as of March 31, 2008 (1,000s yen)	9,633,974	20,653,306	24,900,366	△ 105,917	55,081,729

	Accumulated gains from valuation and translation adjustment			Share subscription rights	Total net assets
	Net unrealized profit on investment securities	Foreign currency translation adjustments	Total accumulated gains from valuation and translation adjustment		
Balance as of March 31, 2007 (1,000s yen)	1,416,285	257,178	1,673,464	183,576	54,281,931
Changes during FY 2007					
Issue of new shares					83,783
Cash dividends paid *Note 1					△ 2,208,947
Net income					4,813,956
Purchases of treasury stock					△ 5,776
Disposal of treasury stock					707
Change in retained earnings from newly consolidated subsidiaries					△ 26,885
Net changes in items other than shareholders' equity	△ 1,351,015	△ 292,540	△ 1,643,556	191,934	△ 1,451,621
Total changes in FY 2007 (1,000s yen)	△ 1,351,015	△ 292,540	△ 1,643,556	191,934	1,205,216
Balance as of March 31, 2008 (1,000s yen)	65,269	△ 35,361	29,908	375,510	55,487,148

[4] Consolidated statements of cash flows

		FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)
Accounts	Note No.	Amounts (1,000s yen)	Amounts (1,000s yen)
I. Cash flows from operating activities			
Income before income taxes and minority interests		13,198,504	9,217,739
Depreciation and amortization		2,468,825	2,247,523
Amortization of goodwill		413,226	393,106
Stock-based compensation expense		183,576	217,959
Change in accrued pension and severance cost		△ 6,287	75,510
Change in accrued director's retirement benefits		△ 60,557	△ 186,718
Change in allowance for doubtful accounts		△ 25,740	20,402
Change in allowance for investment loss		—	82,361
Interest and dividend income		△ 114,869	△ 467,039
Interest expense		259,486	243,383
Gain on sales of land		△ 112	—
Loss on sales of investment securities		1,891	—
Returns on stock acquisition rights		—	△ 7,282
Loss on disposal or sales of fixed assets		145,927	23,170
Loss on valuation of investment securities		50,000	81,708
Change in trade notes and accounts receivable		△ 3,096,200	7,287,628
Change in inventories		△ 382,730	△ 682,037
Change in trade notes and accounts payable		△ 1,379,841	△ 3,499,306
Payment for director bonuses		△ 14,500	—
Change in other operating activities		1,594,674	△ 602,089
Subtotal		13,235,273	14,446,876
Proceeds from interest and dividend income		114,869	467,039
Payment of interest		△ 265,516	△ 244,988
Payment of income taxes		△ 2,164,170	△ 4,654,002
Net cash provided by operating activities		10,920,454	10,014,924
II. Cash flow from investing activities			
Payment for time deposits due over three months		△ 38,000	△ 38,000
Proceeds from time deposits due over three months		48,000	38,000
Payment for purchase of property, plant and equipment		△ 3,144,956	△ 5,013,179
Proceeds from sales of property, plant and equipment		134,813	68,571
Payment for purchase of intangible assets		△ 165,901	△ 608,973
Payment for purchase of investment securities		△ 1,500,861	△ 842,344
Proceeds from sales of investment securities		1,509,920	—
Payment for purchase of subsidiary stock		△ 113,749	△ 91,494
Payment for capitalization of subsidiaries		—	△ 12,876
Payment for loans		△ 200,000	—
Proceeds from repayment of loans		31,125	9,358
Proceeds from other investing activities		—	7,028
Net cash used in investing activities		△ 3,439,608	△ 6,483,910
III. Cash flow from financing activities			
Net change in short-term loans payable		△ 2,938,474	1,700,400
Proceeds from long-term debt		4,000,000	—
Repayment of long-term debt		△ 3,473,470	△ 3,117,000
Payment for redemption of bonds		△ 700,000	△ 1,200,000
Proceeds from common stock issued upon exercise of warrants		287,914	15,042
Dividend payments		△ 1,804,324	△ 2,208,947
Payment for other financing activities		△ 10,394	△ 5,070
Net cash provided by (used in) financing activities		△ 4,638,748	△ 4,815,575
IV. Effect of exchange rate changes on cash and cash equivalents		106,822	△ 26,011
V. Net change in cash and cash equivalents		2,948,919	△ 1,310,573
VI. Cash and cash equivalents at beginning of the year		13,851,417	16,800,336
VII. Income of cash and cash equivalents from newly consolidated subsidiaries		—	175,356
VIII. Cash and cash equivalents at end of the year		16,800,336	15,665,119

Significant accounting policies

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)
<p>1. Scope of consolidation</p> <p>(1) Consolidated subsidiaries (7 companies)</p> <p>Tosei Engineering Corp. Accretech Micro Technologies Co., Ltd. Tosei Systems Co., Ltd. Accretech Create Corp. Accretech Finance Co., Ltd. Accretech USA, Inc. Accretech (Europe) GmbH</p> <p>(2) Non-consolidated subsidiaries</p> <p>Tosei Box Corp. Accretech (China) Co., Ltd. Tosei Engineering (Pinghu) Co., Ltd. Sanmenxia Zhongyuan Tokyo Seimitsu Co., Ltd. Accretech (Malaysia) SDN, BHD Accretech (Israel) Ltd. Accretech (Singapore) PTE Ltd. Accretech Korea Co., Ltd. Tosei Korea Co., Ltd. Tosei (Thailand) Co., Ltd.</p> <p>All of the above 10 companies which were excluded from the consolidation range are all small companies, in terms of their total assets, total sales, total net income, total retained earnings, and others (amounts commensurate with our equity) and do not have a significant effect on the consolidated financial statements Accretech Korea Co., Ltd. changed its name from Accretech Micro Technologies Korea Co., Ltd. during this fiscal year.</p> <p>2. Equity method</p> <p>Non-consolidated subsidiaries where the equity method is not used all have an extremely small effect on the consolidated net income, consolidated retained earnings, and other financial amounts, and overall are of low importance. For these reasons, the equity method is not used for these companies, and a cost evaluation method is used instead for evaluation.</p> <p>3. Accounting period of consolidated subsidiaries</p> <p>The end of the fiscal year at consolidated subsidiaries matches the end of the consolidated fiscal year at the Company.</p> <p>4. Significant accounting policies</p> <p>(1) Valuation standards and methods for important assets</p> <p>(A) Securities</p> <p>Other securities</p> <p>Marketable securities</p> <p>Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in shareholders' equity. Costs of securities sold are calculated by the moving average method.</p> <p>Non-marketable securities</p> <p>Non-marketable securities classified as other securities are carried at cost determined by the moving average method.</p>	<p>1. Scope of consolidation</p> <p>(1) Consolidated subsidiaries (8 companies)</p> <p>Tosei Engineering Corp. Tosei Systems Co., Ltd. Accretech Create Corp. Tosei Box Corp. Accretech Finance Co., Ltd. Accretech USA, Inc. Accretech (Europe) GmbH Accretech Korea Co., Ltd.</p> <p>Tosei Box Corp. and Accretech Korea Co. Ltd. were non-consolidated subsidiaries in FY 2007, and were added to the scope of consolidation beginning this year due to their increased importance. In addition, Accretech Micro Technologies Co., Ltd. was a consolidated subsidiary in FY 2007, however, it ceased to exist as a result of a merger with the Company on April 1, 2007 and was therefore removed from the scope of consolidation.</p> <p>(2) Non-consolidated subsidiaries</p> <p>Accretech (China) Co., Ltd. Tosei Engineering (Pinghu) Co., Ltd. Sanmenxia Zhongyuan Tokyo Seimitsu Co., Ltd. Accretech Taiwan Ltd. Accretech (Malaysia) SDN, BHD Accretech (Israel) Ltd. Accretech (Singapore) PTE Ltd. Tosei Korea Co., Ltd. Tosei (Thailand) Co., Ltd. Tosei Engineering Private Limited Accretech Software in Khabarovsk Co., Ltd.</p> <p>All of the above 11 companies which were excluded from the consolidation range are all small companies, in terms of their total assets, total sales, total net income, total retained earnings, and others (amounts commensurate with our equity) and do not have a significant effect on our financial statements.</p> <p>2. Equity method</p> <p>Same as at left</p> <p>3. Accounting period of consolidated subsidiaries</p> <p>Same as at left</p> <p>4. Significant accounting policies</p> <p>(1) Valuation standards and methods for important assets</p> <p>(A) Securities</p> <p>Other securities</p> <p>Marketable securities</p> <p>Same as at left</p> <p>Non-marketable securities</p> <p>Same as at left</p>

Significant accounting policies

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)				
(B) Derivatives Derivatives financial instruments are stated at fair value.	(B) Derivatives Same as at left				
<p>(C) Inventories Goods, finished products, materials, and supplies of the Company and its consolidated subsidiaries are stated at cost determined by the first-in, first-out method. Work in progress is stated at specific identification costs, however, external consolidated subsidiaries use the lower of cost determined by the first-in, first-out method.</p> <p>(2) Depreciation of property, plant, and equipment (A) Property, plant, and equipment The Company and its consolidated subsidiaries use the declining balance method. However, the straight-line method is used for buildings (excluding equipment attached to buildings) which were acquired on or after April 1, 1998. External consolidated subsidiaries use the straight-line method.</p> <p>The significant useful lives are as follows.</p> <table data-bbox="295 817 646 873"> <tr> <td>Buildings and structures</td> <td>3 - 50 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>2 - 11 years</td> </tr> </table> <p>(B) Intangible fixed assets Software intended for market sales is depreciated using a method based on the predicted sales quantity or a straight-line method based on the remaining useful life. Software for use by the Company is depreciated using a straight-line method based on the estimated life at the Company. Other intangible fixed assets are depreciated using the straight-line method.</p>	Buildings and structures	3 - 50 years	Machinery and equipment	2 - 11 years	<p>(C) Inventories Same as at left</p> <p>(2) Depreciation of property, plant, and equipment (A) Property, plant, and equipment Same as at left</p> <p>(Change in accounting policies) Pursuant to amendments to the Corporation Tax Law ((Partial Amendment of Income Tax Law, March 30, 2007, Law No. 6) and (government ordinance partially amending the Corporation Tax Law enforcement order, March 30, 2007, ordinance No. 83)), beginning in FY 2008, the company and its domestic consolidated subsidiaries have changed to a depreciation method based on the revised Corporation Tax Law for tangible fixed assets acquired on or after April 1, 2007. As a result of this change, operating income, ordinary income and income before taxes and minority interests each decreased by ¥55,099 thousand compared with those calculated by the previous method. The impact of this change on segment information is described in the relevant section.</p> <p>(Additional information) Pursuant to amendments to the Corporation Tax Law ((Partial Amendment of Income Tax Law, March 30, 2007, Law No. 6) and (Government Ordinance Partially Amending the Corporation Tax Law Enforcement Order, March 30, 2007, Ordinance No. 83)), beginning in FY 2008, the company and its domestic consolidated subsidiaries record tangible fixed assets acquired on or before March 31, 2007 as follows. The difference between an amount equivalent to 5% of the acquisition cost and the memorandum value is to be depreciated equally over five years from the fiscal year following the year in which the undepreciated value reached 5% of the acquisition cost in accordance with the depreciation method under the previous Corporation Tax Law. The depreciation amount is to be included in "Depreciation and amortization." As a result of this change, operating income, ordinary income and income before income taxes and minority interests each decreased by ¥25,793 thousand compared with those calculated by the previous method. The impact of this change on segment information is described in the relevant section.</p> <p>(B) Intangible fixed assets Same as at left</p>
Buildings and structures	3 - 50 years				
Machinery and equipment	2 - 11 years				

Significant accounting policies

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)
<p>(3) Basis for significant reserves</p> <p>(A) Allowance for doubtful accounts For covering probable losses on collection of receivables, the allowance for doubtful accounts is calculated based on past experience for ordinary receivables. For companies in financial difficulties, it is based on individual estimates of the collectability of receivables, and consists of the amount estimated to be uncollectible.</p>	<p>(3) Basis for significant reserves</p> <p>(A) Allowance for investment loss The necessary amount of the allowance in case of loss due to deteriorating financial status at affiliates is calculated with consideration for the details of the asset.</p> <p>(B) Allowance for doubtful accounts Same as at left</p>
<p>(B) Allowance for bonuses The Company and its consolidated subsidiaries calculate the allowance for bonuses to employees based on the expected amount of payment.</p> <p>(C) Accrued director's bonuses The Company and its consolidated subsidiaries calculate the allowance for bonuses to directors based on the expected amount of payment during that consolidated fiscal year.</p> <p>(D) Accrued retirement benefits This allowance for employee retirement benefits is calculated based on an estimate of the pension and severance obligations and the plan assets at the end of that consolidated fiscal year. For actuarial gains and losses, proportional amounts are each amortized beginning from the consolidated fiscal year following the year in which it occurs, using a fixed number of years (10) that is within the average estimated remaining service time of the employees for each consolidated fiscal year.</p> <p>(E) Accrued director's retirement benefits The Company and its consolidated subsidiaries calculate the allowance for payment of director retirement benefits that are forecast to occur upon director retirement. For this purpose, the expected amount of payment at the end of the year is calculated based on internal regulations. The Company terminated its director's retirement benefit system from the consolidated fiscal year ended March 2006, and the allowance for director retirement benefits is calculated based on the expected amount of payments on the last day of March 2005, while the allowance for auditor retirement benefits is calculated based on the expected amount of payments as of the last day of June 2005.</p> <p>(4) Foreign currency translation Receivables and payables denominated in foreign currencies are translated into yen at the rate of exchange in effect on the balance sheet date, and differences arising from the translation are</p>	<p>(C) Allowance for bonuses Same as at left</p> <p>(D) Accrued director's bonuses Same as at left</p> <p>(E) Accrued retirement benefits Same as at left</p> <p>(F) Accrued director's retirement benefits Domestic consolidated subsidiaries calculate the allowance for payment of director retirement benefits that are forecast to occur upon director retirement. For this purpose, the expected amount of payment at the end of the year is calculated based on internal regulations.</p> <p>(Changes in accounting standards) The Company terminated its director's retirement benefit system from the consolidated fiscal year ended March 2006. Through FY 2007, the "Accrued director's retirement benefits" was shown as the expected amount of payment for director retirement benefits on the last day of March 2005, and for auditor retirement benefits as of the last day of June 2005. However, beginning from FY 2008, this will be shown as "Long term accounts payable" in the "Long-term liabilities" based on the following new guideline issued by Japan Public Accountant Association Report No.42 issued on April 13, 2007: "Auditing treatment on reserve, allowance and allowance for directors retirement benefit."</p> <p>(4) Foreign currency translation Same as at left</p>

Significant accounting policies

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)
<p>processed as gains or losses. Foreign-denominated receivable and payables that are subject to foreign currency exchange contracts are converted to the yen amounts in the corresponding foreign currency exchange contract. Assets/liabilities and income/expenses for consolidated subsidiaries are converted to yen at the rate of exchange in effect on the balance sheet date, and differences arising from the translation are included in the foreign currency translation adjustment item in the NET ASSETS column.</p> <p>(5) Lease accounting All finance lease transactions excepting those in which ownership of the leased property transfers to the lessee are accounted for by the methods used for ordinary lease transactions.</p> <p>(6) Hedges accounting (A) Hedge accounting When their conditions for use are met, interest rate swaps are accounted for by exceptional accounting methods, while foreign currency exchange contracts are accounted for by deferral hedge accounting.</p> <p>(B) Hedging instruments and hedged items (Hedging instrument) (Hedged item) Interest rate swap Debt Foreign currency exchange contract Receivables and payables denominated in foreign currencies</p>	<p>(5) Lease accounting Same as at left</p> <p>(6) Hedges accounting (A) Hedge accounting Same as at left</p> <p>(B) Hedging instruments and hedged items Same as at left</p>
<p>(C) Hedging policy Interest rate swap ... Hedge accounting is used to prevent effects on procurement costs (interest paid) due to variable interest rates.</p> <p>Foreign currency exchange contract ... Foreign currency exchange contracts within the range of the balance are used to hedge exposure to adverse fluctuations in foreign currency exchange rates associated with export sales transactions.</p> <p>(D) Assessment of hedge effectiveness Assessment of hedge effectiveness is conducted by verifying the relationship between the hedge instrument and hedged item.</p> <p>(7) Accounting for consumption tax Transactions subject to national and local consumption taxes are recorded as amounts exclusive of consumption tax.</p> <p>5. Valuation of assets and liabilities at consolidated subsidiaries Valuation of assets and liabilities at consolidated subsidiaries utilizes the full fair value method.</p> <p>6. Amortization of goodwill Amortization of goodwill is evaluated for each acquisition, and is carried out over a reasonable number of years (10).</p> <p>7. Cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents in the consolidated statements consist of cash on hand, available funds on deposit, and short-term, highly liquid investments that are readily convertible to cash, with original maturities of three months or less, and that are substantially free of price fluctuation risk.</p>	<p>(C) Hedging policy Same as at left</p> <p>(D) Assessment of hedge effectiveness Same as at left</p> <p>(7) Accounting for consumption tax Same as at left</p> <p>5. Valuation of assets and liabilities at consolidated subsidiaries Same as at left</p> <p>6. Amortization of goodwill Same as at left</p> <p>7. Cash and cash equivalents in the consolidated statements of cash flows Same as at left</p>

Changes in accounting methods

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)
<p>Standard No. 5) and "Guidance for Use of Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan, December 9, 2006, Corporate Accounting Standard No. 8). The adoption of this standard had no effect on the statement of income.</p> <p>The amount which originally corresponds to the total in the NET ASSETS column is ¥54,098,355 thousand.</p> <p>Due to the revision of the Regulations for Consolidated Financial Statements," the NET ASSETS column in the consolidated balance sheet for FY 2007 was prepared using the revised Regulations for Consolidated Financial Statements.</p>	

Changes in presentation

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)												
<p>(Consolidated balance sheet)</p> <p>Due to the revision of the Regulations for Consolidated Financial Statements, the Japanese term for "Goodwill" under "Intangible fixed assets" - "Other" in FY 2006 was changed in FY 2007, and was combined with "Consolidated adjustment accounts."</p> <p>The amounts of "Goodwill" and the "Consolidated adjustment accounts" for FY 2006 and FY 2007 are as shown below.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">FY 2006</th> <th style="width: 35%; text-align: center;">FY 2007</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td style="text-align: center;">(1,000s yen)</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;">140,836</td> <td style="text-align: right;">60,358</td> </tr> <tr> <td>Consolidated adjustment accounts</td> <td style="text-align: right;">3,161,109</td> <td style="text-align: right;">2,828,361</td> </tr> </tbody> </table>		FY 2006	FY 2007			(1,000s yen)	Goodwill	140,836	60,358	Consolidated adjustment accounts	3,161,109	2,828,361	<p>(Consolidated statements of income)</p> <ol style="list-style-type: none"> 1. In FY 2007, "Foreign exchange loss" was included in "Non-operating expenses" - "Other." However, because in FY 2008 this amount exceeded 10% of the total amount of "Non-operating expenses," it was listed separately. The amount of "Foreign exchange loss" in FY 2007 was ¥31,581thousand. 2. In FY 2007, "Loss on valuation and disposal of inventories" was listed separately. However, because in FY 2008 this amount was 10% or less of the total amount of "Non-operating" expenses, it was included in "Non-operating expenses" - "Other." The amount of "Loss on valuation and disposal of inventories" in FY 2008 was ¥83,277 thousand. 3. In FY 2007, "Loss on disposal of tangible assets" was listed separately. However, because in FY 2008 this amount was 10% or less of the total amount of "Non-operating" expenses, it was included in "Non-operating expenses" - "Other." The amount of "Loss on disposal of inventories" in FY 2008 was ¥23,170 thousand. 4. In FY 2007, "Special loss" was included in "Evaluation loss of investment securities" - "Other." However, because in FY 2008 this amount exceeded 10% of the total amount of "Special loss," it was listed separately. The amount of "Evaluation loss of investment securities" in FY 2007 was ¥50,000 thousand.
	FY 2006	FY 2007											
		(1,000s yen)											
Goodwill	140,836	60,358											
Consolidated adjustment accounts	3,161,109	2,828,361											
<p>(Consolidated statements of cash flows)</p> <p>Due to the revision of the Regulations for Consolidated Financial Statements, the "Amortization of goodwill" that was included in "Depreciation and amortization" for</p>													

Changes in presentation

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)													
<p>FY 2006 has been combined with "Amortization of consolidated adjustment accounts" and presented as "Amortization of goodwill." The amounts of "Amortization of goodwill" and "Amortization of consolidated adjustment accounts" for FY 2006 and FY 2007 are as shown below.</p> <table data-bbox="188 568 754 835"> <thead> <tr> <th></th> <th>FY 2006</th> <th>FY 2007</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>1,000s yen)</td> </tr> <tr> <td>Amortization of goodwill</td> <td>80,477</td> <td>80,477</td> </tr> <tr> <td>Amortization of consolidated adjustment accounts</td> <td>171,097</td> <td>332,748</td> </tr> </tbody> </table>		FY 2006	FY 2007			1,000s yen)	Amortization of goodwill	80,477	80,477	Amortization of consolidated adjustment accounts	171,097	332,748		
	FY 2006	FY 2007												
		1,000s yen)												
Amortization of goodwill	80,477	80,477												
Amortization of consolidated adjustment accounts	171,097	332,748												

Notes

(Consolidated balance sheet)

FY 2007 (Year ended March 31, 2007)	FY 2008 (Year ended March 31, 2008)												
<p>*1. Investment in non-consolidated subsidiaries (1,000s yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Investment securities (stock)</td> <td style="text-align: right;">238,162</td> </tr> <tr> <td style="padding-left: 20px;">Other investment or other assets</td> <td style="text-align: right;">176,085</td> </tr> </table>	Investment securities (stock)	238,162	Other investment or other assets	176,085	<p>*1. Investment in non-consolidated subsidiaries (1,000s yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Investment securities (stock)</td> <td style="text-align: right;">184,425</td> </tr> <tr> <td style="padding-left: 20px;">Other investment or other assets</td> <td style="text-align: right;">187,737</td> </tr> </table>	Investment securities (stock)	184,425	Other investment or other assets	187,737				
Investment securities (stock)	238,162												
Other investment or other assets	176,085												
Investment securities (stock)	184,425												
Other investment or other assets	187,737												
<p>2. Trade notes receivable discounted (1,000s yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Trade notes receivable discounted</td> <td style="text-align: right;">3,501,824</td> </tr> <tr> <td style="padding-left: 20px;">Bills of exchange without L/C</td> <td style="text-align: right;">1,714,284</td> </tr> </table>	Trade notes receivable discounted	3,501,824	Bills of exchange without L/C	1,714,284	<p>2. Trade notes receivable discounted (1,000s yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Trade notes receivable discounted</td> <td style="text-align: right;">5,013,583</td> </tr> <tr> <td style="padding-left: 20px;">Bills of exchange without L/C</td> <td style="text-align: right;">1,233,977</td> </tr> </table>	Trade notes receivable discounted	5,013,583	Bills of exchange without L/C	1,233,977				
Trade notes receivable discounted	3,501,824												
Bills of exchange without L/C	1,714,284												
Trade notes receivable discounted	5,013,583												
Bills of exchange without L/C	1,233,977												
<p>3. In order to steadily and flexibly source funds for its operations, the Company has concluded 3-year long-term loan commitment agreements with 4 financial institutions by the syndication method.</p> <p>The remaining loan balance for loan commitment agreements for FY 2007 is as follows.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="padding-left: 40px;">Total amount of loan commitment agreement</td> <td style="text-align: right;">(1,000s yen) 5,000,000</td> </tr> <tr> <td style="padding-left: 40px;">Amount exercised</td> <td style="text-align: right;">—</td> </tr> <tr> <td style="padding-left: 40px;">Balance remaining</td> <td style="text-align: right; border-top: 1px solid black;">5,000,000</td> </tr> </table>	Total amount of loan commitment agreement	(1,000s yen) 5,000,000	Amount exercised	—	Balance remaining	5,000,000	<p>3. In order to steadily and flexibly source funds for its operations, the Company has concluded 3-year long-term loan commitment agreements with 4 financial institutions by the syndication method.</p> <p>The remaining loan balance for loan commitment agreements for FY 2008 is as follows.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="padding-left: 40px;">Total amount of loan commitment agreement</td> <td style="text-align: right;">(1,000s yen) 5,000,000</td> </tr> <tr> <td style="padding-left: 40px;">Amount exercised</td> <td style="text-align: right;">—</td> </tr> <tr> <td style="padding-left: 40px;">Balance remaining</td> <td style="text-align: right; border-top: 1px solid black;">5,000,000</td> </tr> </table>	Total amount of loan commitment agreement	(1,000s yen) 5,000,000	Amount exercised	—	Balance remaining	5,000,000
Total amount of loan commitment agreement	(1,000s yen) 5,000,000												
Amount exercised	—												
Balance remaining	5,000,000												
Total amount of loan commitment agreement	(1,000s yen) 5,000,000												
Amount exercised	—												
Balance remaining	5,000,000												
<p>*4. The trade notes matured at the closing day of the consolidated fiscal year were redeemed at the clearing date.</p> <p>As the closing date of the current consolidated fiscal year fell on a financial institution holiday, the balance at the closing date of the current consolidated fiscal year included the following amounts of matured trade notes.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="padding-left: 40px;">Trade notes receivable</td> <td style="text-align: right;">(1,000s yen) 270,021</td> </tr> <tr> <td style="padding-left: 40px;">Bills of exchange without L/C</td> <td style="text-align: right;">18,400</td> </tr> <tr> <td style="padding-left: 40px;">Trade notes payable</td> <td style="text-align: right;">1,527,511</td> </tr> <tr> <td style="padding-left: 40px;">Equipment/facility construction trade notes payable</td> <td style="text-align: right;">3,307</td> </tr> </table>	Trade notes receivable	(1,000s yen) 270,021	Bills of exchange without L/C	18,400	Trade notes payable	1,527,511	Equipment/facility construction trade notes payable	3,307	<p>*4.</p> <hr style="width: 100%; margin-top: 10px;"/>				
Trade notes receivable	(1,000s yen) 270,021												
Bills of exchange without L/C	18,400												
Trade notes payable	1,527,511												
Equipment/facility construction trade notes payable	3,307												

(Consolidated statements of income)

FY 2007 (April 1, 2006 - March 31, 2007)			FY 2008 (April 1, 2007 - March 31, 2008)		
*1. Primary items of selling, general, and administrative expenses (1,000s yen)			*1. Primary items of selling, general, and administrative expenses (1,000s yen)		
Selling expenses	Salaries for employees	2,125,940	Selling expenses	Salaries for employees	2,309,021
	Provision for employees' bonuses	84,583		Provision for employees' bonuses	97,110
	Provision for retirement benefits for employees	51,533		Provision for retirement benefits for employees	72,990
	Sales commissions	2,579,712		Sales commissions	2,773,158
	Sales promotion expenses	1,431,384		Sales promotion expenses	1,595,112
	Amortization of goodwill	80,477		Amortization of goodwill	60,358
General, and administrative expenses	Salaries for employees	698,102	General, and administrative expenses	Salaries for employees	749,648
	Provision for employees' bonuses	27,812		Provision for employees' bonuses	28,970
	Provision for directors' and corporate auditors' bonuses	59,500		Provision for directors' and corporate auditors' bonuses	14,500
	Provision for retirement benefits for employees	25,176		Provision for retirement benefits for employees	27,445
	Provision for retirement benefits for directors and corporate auditors	13,123		Provision for retirement benefits for directors and corporate auditors	13,184
	Amortization of goodwill	332,748		Amortization of goodwill	332,748
*2. Research and development costs included in general and administrative expenses and manufacturing costs (1,000s yen)			*2. Research and development costs included in general and administrative expenses and manufacturing costs (1,000s yen)		
	General and administrative expenses	748,319		General and administrative expenses	503,572
	Manufacturing costs	6,890,606		Manufacturing costs	7,156,270
	<u>Total</u>	<u>7,638,925</u>		<u>Total</u>	<u>7,659,842</u>

(Consolidated statements of changes in net assets)

FY 2007 (April 1, 2006 - March 31, 2007)

1. Issued stock

Stock class	At end of FY 2006	Increase	Decrease	At end of FY 2007
Common stock (shares)	40,100,167	87,350	—	40,187,517

Note: Major reasons for the increase of 87,350 shares are the following.

Increase due to conversion of the 2nd unsecured convertible bonds (shares)	550
Increase due to the exercise of share subscription rights from stock options (shares)	86,800

2. Treasury stock

Stock class	At end of FY 2006	Increase	Decrease	At end of FY 2007
Common stock (shares)	26,421	1,964	170	28,215

Notes: 1. The increase of 1,964 shares was due to purchases of shares less than 1 unit.

2. The decrease of 170 shares was due to the sales of shares less than 1 unit.

3. Share subscription rights

Company name	Breakdown	Class of stock issued upon exercise of the right	Number of shares issued upon exercise of the right (shares)				Balance at end of FY 2007 (1,000s yen)
			At end of FY 2006	Increase	Decrease	At end of FY 2007	
The Company	The 5th share subscription rights (stock options) (Issued 2006)			—			37,233
	share subscription rights issued July 2006 (stock-based compensation type)			—			146,342
	Yen-denominated convertible-bonds with share subscription rights maturing in 2008	Common stock	2,726,686	2,025	—	2,728,711	—
Total				—			183,576

Notes: 1. The number of shares issued upon exercise of the right indicates the number of shares assuming that the share subscription right was exercised.

2. The primary reason for the increase in the number of shares issued upon exercise of the right is the following.

	Breakdown of reasons for increase (shares)		Breakdown of reasons for decrease (shares)		
	Issue	Other	Exercise of right	Forfeited due to loss of right	Forfeited due to failure to exercise right
Yen-denominated convertible-bonds with share subscription rights maturing in 2008	—	2,025	—	—	—
Total	—	2,025	—	—	—

The increase of 2,025 shares under "Other" was due to adjustment of the Conversion Price (the amount to be paid by the holder per share upon exercise of the right) during FY 2007.

4. Dividends

(1) Amounts of dividends paid

Resolution	Class of stock	Total amount of dividends (1,000s yen)	Dividend per share (yen)	Cut-off date	Effective date
June 29, 2006 Regular General Meeting of Shareholders	Common stock	801,474	20	March 31, 2006	June 30, 2006
November 16, 2006 Board of Directors	Common stock	1,002,849	25	September 30, 2006	December 1, 2006

(2) Dividends with a shareholders' cut-off date in FY 2007 and an effective date in FY 2008

Resolution	Class of stock	Dividend source	Total amount of dividends (1,000s yen)	Dividend per share (yen)	Cut-off date	Effective date
June 28, 2007 Regular General Meeting of Shareholders	Common stock	Retained earnings	1,003,982	25	March 31, 2006	June 29, 2006

FY 2008 (April 1, 2007 - March 31, 2008)

1. Issued stock

Stock class	At end of FY 2007	Increase	Decrease	At end of FY 2008
Common stock (shares)	40,187,517	40,764	—	40,228,281

Note: Major reasons for the increase of 40,764 shares are the following.

Increase due to conversion of the 2nd unsecured convertible bonds (shares)	27,564
Increase due to the exercise of share subscription rights from stock options (shares)	13,200

2. Treasury stock

Stock class	At end of FY 2007	Increase	Decrease	At end of FY 2008
Common stock (shares)	28,215	1,588	251	29,552

Notes: 1. The increase of 1,588 shares was due to purchases of shares less than 1 unit.

2. The decrease of 251 shares was due to the sales of shares less than 1 unit.

3. Share subscription rights

Company name	Breakdown	Class of stock issued upon exercise of the right	Number of shares issued upon exercise of the right (shares)				Balance at end of FY 2008 (1,000s yen)
			At end of FY 2007	Increase	Decrease	At end of FY 2008	
The Company	The 5th share subscription rights (stock options) (Issued 2006)			—			89,188
	The 6th share subscription rights (stock options) (Issued 2007)			—			36,532
	Share subscription rights issued July 2006 (stock-based compensation options)			—			130,027
	Share subscription rights issued July 2007 (stock-based compensation options)			—			119,761
	Yen-denominated convertible-bonds with share subscription rights maturing in 2008	Common stock	2,728,711	—	—	2,728,711	—
Total				—			375,510

Notes: 1. The number of shares issued upon exercise of the right indicates the number of shares assuming that the share subscription right was exercised.

2. The exercise period start date for the 5th and the 6th share subscription rights has not yet arrived.

4. Dividends

(1) Amounts of dividends paid

Resolution	Class of stock	Total amount of dividends (1,000s yen)	Dividend per share (yen)	Cut-off date	Effective date
June 28, 2007 Regular General Meeting of Shareholders	Common stock	1,003,982	25	March 31, 2007	June 29, 2007
November 15, 2007 Board of Directors	Common stock	1,204,964	30	September 30, 2007	December 3, 2007

(2) Dividends with a shareholders' cut-off date in FY 2007 and an effective date in FY 2008

Resolution	Class of stock	Dividend source	Total amount of dividends (1,000s yen)	Dividend per share (yen)	Cut-off date	Effective date
June 27, 2008 Regular General Meeting of Shareholders	Common stock	Retained earnings	1,607,949	40	March 31, 2008	June 30, 2008

(Consolidated statements of cash flows)

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)														
<p>1. Relationship between cash and cash equivalents at year end and the amounts for items listed in the consolidated balance sheet</p> <p style="text-align: right;">(1,000s yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and cash equivalents (Balance sheets)</td> <td style="text-align: right;">16,826,012</td> </tr> <tr> <td>Money reserve fund</td> <td style="text-align: right;">2,324</td> </tr> <tr> <td>Time deposits with original maturities over three months</td> <td style="text-align: right;">△ 28,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents (Statement of cash flows)</td> <td style="text-align: right; border-top: 1px solid black;">16,800,336</td> </tr> </table>	Cash and cash equivalents (Balance sheets)	16,826,012	Money reserve fund	2,324	Time deposits with original maturities over three months	△ 28,000	Cash and cash equivalents (Statement of cash flows)	16,800,336	<p>1. Relationship between cash and cash equivalents at year end and the amounts for items listed in the consolidated balance sheet</p> <p style="text-align: right;">(1,000s yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and cash equivalents (Balance sheets)</td> <td style="text-align: right;">15,693,119</td> </tr> <tr> <td>Time deposits with original maturities over three months</td> <td style="text-align: right;">△ 28,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents (Statement of cash flows)</td> <td style="text-align: right; border-top: 1px solid black;">15,665,119</td> </tr> </table>	Cash and cash equivalents (Balance sheets)	15,693,119	Time deposits with original maturities over three months	△ 28,000	Cash and cash equivalents (Statement of cash flows)	15,665,119
Cash and cash equivalents (Balance sheets)	16,826,012														
Money reserve fund	2,324														
Time deposits with original maturities over three months	△ 28,000														
Cash and cash equivalents (Statement of cash flows)	16,800,336														
Cash and cash equivalents (Balance sheets)	15,693,119														
Time deposits with original maturities over three months	△ 28,000														
Cash and cash equivalents (Statement of cash flows)	15,665,119														
<p>2. Significant non-cash transactions</p> <p style="text-align: center;">_____</p>	<p>2. Significant non-cash transactions</p> <p style="text-align: center;">_____</p>														

(Lease transactions)

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)																																																																				
<p>1 Finance lease transactions other than those which transfer ownership of the leased property to the lessee</p> <p>(1) Estimated acquisition price, estimated accumulated depreciation, and estimated balance at end of year</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Machinery and equipment (1,000s yen)</th> <th style="text-align: center; border-bottom: 1px solid black;">Tools, furniture and fixtures (1,000s yen)</th> <th style="text-align: center; border-bottom: 1px solid black;">Total (1,000s yen)</th> </tr> </thead> <tbody> <tr> <td>Estimated acquisition price</td> <td style="text-align: right;">1,692,955</td> <td style="text-align: right;">552,356</td> <td style="text-align: right;">2,245,312</td> </tr> <tr> <td>Estimated accumulated depreciation</td> <td style="text-align: right; border-bottom: 1px solid black;">1,036,162</td> <td style="text-align: right; border-bottom: 1px solid black;">271,882</td> <td style="text-align: right; border-bottom: 1px solid black;">1,308,045</td> </tr> <tr> <td>Estimated balance at end of year</td> <td style="text-align: right;">656,792</td> <td style="text-align: right;">280,474</td> <td style="text-align: right;">937,266</td> </tr> </tbody> </table> <p>(2) Estimated balance of lease premiums at end of year and balance of lease asset depreciation account at end of year</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">(1,000s yen)</th> </tr> </thead> <tbody> <tr> <td>Estimated balance of lease premiums at end of year</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Current portion</td> <td style="text-align: right;">385,657</td> </tr> <tr> <td style="padding-left: 20px;">Non-current portion</td> <td style="text-align: right; border-bottom: 1px solid black;">589,917</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">975,575</td> </tr> </tbody> </table> <p>(3) Lease payments, reversal of reserve for leased assets depreciation account, estimated depreciation expense, estimated interest expense, and loss on depreciation</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">(1,000s yen)</th> </tr> </thead> <tbody> <tr> <td>Lease payments</td> <td style="text-align: right;">366,865</td> </tr> <tr> <td>Estimated depreciation expense</td> <td style="text-align: right;">332,957</td> </tr> <tr> <td>Estimated interest expense</td> <td style="text-align: right;">28,500</td> </tr> </tbody> </table> <p>(4) Formulas for calculating estimated depreciation expense and estimated interest</p> <ul style="list-style-type: none"> - Method of calculating estimated depreciation expense Calculated by the straight-line method using the lease term as the effective life and with zero scrap value - Method of calculating estimated interest Allocation method for each year is calculated by the interest method, using the difference between the total lease payments and the acquisition price of the leased property as the estimated interest expense. <p>(Loss on depreciation) No loss on depreciation was allocated to leased assets.</p>		Machinery and equipment (1,000s yen)	Tools, furniture and fixtures (1,000s yen)	Total (1,000s yen)	Estimated acquisition price	1,692,955	552,356	2,245,312	Estimated accumulated depreciation	1,036,162	271,882	1,308,045	Estimated balance at end of year	656,792	280,474	937,266		(1,000s yen)	Estimated balance of lease premiums at end of year		Current portion	385,657	Non-current portion	589,917	Total	975,575		(1,000s yen)	Lease payments	366,865	Estimated depreciation expense	332,957	Estimated interest expense	28,500	<p>1 Finance lease transactions other than those which transfer ownership of the leased property to the lessee</p> <p>(1) Estimated acquisition price, estimated accumulated depreciation, and estimated balance at end of year</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: center; border-bottom: 1px solid black;">Machinery and equipment (1,000s yen)</th> <th style="text-align: center; border-bottom: 1px solid black;">Tools, furniture and fixtures (1,000s yen)</th> <th style="text-align: center; border-bottom: 1px solid black;">Total (1,000s yen)</th> </tr> </thead> <tbody> <tr> <td>Estimated acquisition price</td> <td style="text-align: right;">1,901,152</td> <td style="text-align: right;">455,425</td> <td style="text-align: right;">2,356,578</td> </tr> <tr> <td>Estimated accumulated depreciation</td> <td style="text-align: right; border-bottom: 1px solid black;">1,275,035</td> <td style="text-align: right; border-bottom: 1px solid black;">271,839</td> <td style="text-align: right; border-bottom: 1px solid black;">1,546,875</td> </tr> <tr> <td>Estimated balance at end of year</td> <td style="text-align: right;">626,117</td> <td style="text-align: right;">183,585</td> <td style="text-align: right;">809,703</td> </tr> </tbody> </table> <p>(2) Estimated balance of lease premiums at end of year and balance of lease asset depreciation account at end of year</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">(1,000s yen)</th> </tr> </thead> <tbody> <tr> <td>Estimated balance of lease premiums at end of year</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Current portion</td> <td style="text-align: right;">311,654</td> </tr> <tr> <td style="padding-left: 20px;">Non-current portion</td> <td style="text-align: right; border-bottom: 1px solid black;">523,923</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">835,577</td> </tr> </tbody> </table> <p>(3) Lease payments, reversal of reserve for leased assets depreciation account, estimated depreciation expense, estimated interest expense, and loss on depreciation</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">(1,000s yen)</th> </tr> </thead> <tbody> <tr> <td>Lease payments</td> <td style="text-align: right;">422,421</td> </tr> <tr> <td>Estimated depreciation expense</td> <td style="text-align: right;">370,056</td> </tr> <tr> <td>Estimated interest expense</td> <td style="text-align: right;">30,411</td> </tr> </tbody> </table> <p>(4) Formulas for calculating estimated depreciation expense and estimated interest</p> <ul style="list-style-type: none"> - Method of calculating estimated depreciation expense Same as at left - Method of calculating estimated interest Same as at left <p>(Loss on depreciation) Same as at left</p>		Machinery and equipment (1,000s yen)	Tools, furniture and fixtures (1,000s yen)	Total (1,000s yen)	Estimated acquisition price	1,901,152	455,425	2,356,578	Estimated accumulated depreciation	1,275,035	271,839	1,546,875	Estimated balance at end of year	626,117	183,585	809,703		(1,000s yen)	Estimated balance of lease premiums at end of year		Current portion	311,654	Non-current portion	523,923	Total	835,577		(1,000s yen)	Lease payments	422,421	Estimated depreciation expense	370,056	Estimated interest expense	30,411
	Machinery and equipment (1,000s yen)	Tools, furniture and fixtures (1,000s yen)	Total (1,000s yen)																																																																		
Estimated acquisition price	1,692,955	552,356	2,245,312																																																																		
Estimated accumulated depreciation	1,036,162	271,882	1,308,045																																																																		
Estimated balance at end of year	656,792	280,474	937,266																																																																		
	(1,000s yen)																																																																				
Estimated balance of lease premiums at end of year																																																																					
Current portion	385,657																																																																				
Non-current portion	589,917																																																																				
Total	975,575																																																																				
	(1,000s yen)																																																																				
Lease payments	366,865																																																																				
Estimated depreciation expense	332,957																																																																				
Estimated interest expense	28,500																																																																				
	Machinery and equipment (1,000s yen)	Tools, furniture and fixtures (1,000s yen)	Total (1,000s yen)																																																																		
Estimated acquisition price	1,901,152	455,425	2,356,578																																																																		
Estimated accumulated depreciation	1,275,035	271,839	1,546,875																																																																		
Estimated balance at end of year	626,117	183,585	809,703																																																																		
	(1,000s yen)																																																																				
Estimated balance of lease premiums at end of year																																																																					
Current portion	311,654																																																																				
Non-current portion	523,923																																																																				
Total	835,577																																																																				
	(1,000s yen)																																																																				
Lease payments	422,421																																																																				
Estimated depreciation expense	370,056																																																																				
Estimated interest expense	30,411																																																																				

(Investment securities)

1. The aggregate carrying value and fair value of securities with fair value

	Type	FY 2007 (Year ended March 31, 2007)			FY 2008 (Year ended March 31, 2008)		
		Acquisition cost (1,000s yen)	Carrying value (1,000s yen)	Difference (1,000s yen)	Book value (1,000s yen)	Value in consolidated balance sheet (1,000s yen)	Difference (1,000s yen)
Securities with a carrying value higher than the acquisition cost	(1) Stocks	2,674,288	5,096,899	2,422,610	2,061,484	2,397,205	335,720
	(2) Bonds	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Subtotal	2,674,288	5,096,899	2,422,610	2,061,484	2,397,205	335,720
Securities with a carrying value no higher than the acquisition cost	(1) Stocks	113,715	78,821	△ 34,893	1,487,118	1,263,139	△ 223,978
	(2) Bonds	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Subtotal	113,715	78,821	△ 34,893	1,487,118	1,263,139	△ 223,978
Total		2,788,003	5,175,720	2,387,717	3,548,602	3,660,345	111,742

2. Total sales of investment securities during FY 2007 and FY 2008

Category	FY 2007 (April 1, 2006 - May 31, 2007)			FY 2008 (April 1, 2007 - May 31, 2008)		
	Sale proceeds (1,000s yen)	Total gain (1,000s yen)	Total loss (1,000s yen)	Sale proceeds (1,000s yen)	Total gain (1,000s yen)	Total loss (1,000s yen)
(1) Stocks	1,509,920	622	2,514	—	—	—
(2) Bonds	—	—	—	—	—	—
(3) Other	—	—	—	—	—	—
Total	1,509,920	622	2,514	—	—	—

3. The aggregate carrying value of securities without fair value

Category	FY 2007 (Year ended March 31, 2007)	Current Fiscal year (Year ended March 31, 2008)
	Carrying value (1,000s yen)	Carrying value (1,000s yen)
Other securities		
Unlisted stock	790,532	736,795
Total	790,532	736,795

(Derivative transactions)

1. Derivative transactions

<p style="text-align: center;">FY 2007 (April 1, 2006 - March 31, 2007)</p>	<p style="text-align: center;">FY 2008 (April 1, 2007 - March 31, 2008)</p>						
<p>(1) Types and purposes of transactions</p> <p>The Group utilizes interest rate swap agreements to hedge exposure to interest rate fluctuation risks associated with bank loans and bond issue, and foreign currency exchange agreements to hedge exposure to adverse fluctuations in foreign currency exchange rates associated with export sales.</p> <p>Derivative transactions are used to perform hedge accounting.</p> <p>(1) Hedging instruments and hedged items</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">(Hedging instrument)</td> <td style="width: 50%;">(Hedged item)</td> </tr> <tr> <td>Interest rate swap</td> <td>Debt</td> </tr> <tr> <td>Foreign currency exchange contract</td> <td>Receivables and payables denominated in foreign currencies</td> </tr> </table> <p>(2) Hedge accounting</p> <p>Interest rate swap ... Hedge accounting is used to prevent effects on procurement costs (interest paid) due to variable interest rates.</p> <p>Foreign currency exchange contract ... Foreign currency exchange contracts within the range of the balance are used to hedge exposure to adverse fluctuations in foreign currency exchange rates associated with export sales transactions.</p> <p>(3) Assessment of hedge effectiveness</p> <p>Assessment of hedge effectiveness is conducted by verifying the relationship between the hedge instrument and hedged item.</p> <p>(2) Transaction policies</p> <p>The fundamental policy when derivative transactions are used is to aim for efficient operation of capital when interest rate swap agreements are used, and to remain within a range that conforms to actual demand when foreign currency exchange agreements are used. The policy prohibits the use of any kind of speculative derivative transaction.</p> <p>(3) Risks associated with derivative transactions</p> <p>With interest rate swap agreements, there is risk from fluctuations in the market interest rate. With foreign currency exchange agreements, there is risk from fluctuations in the foreign currency exchange rate.</p> <p>For both interest rate swap agreements and foreign currency exchange agreements, because the counterparties are domestic banks with high credit ratings, the Company believes that there is almost no risk of credit loss due to default by the counterparties.</p> <p>(4) Risk management system for derivative transactions</p> <p>Risk management is carried out as follows. Based on the "Derivative Transaction Management Rules," the Administration Company Accounting Department is the department which executes the transaction, while the Management Support Department is the risk management department. The Administration Company Accounting Department reviews interest rate information, exchange rate trends, and other information, and makes the decision to execute a derivative transaction, which must be approved by a person with higher-level decision-making authority. During the agreement period, reports of the transaction details, type, agreement balance, and other information must be made to the Management Support Department, which is the risk management department. The Management Support Department receives and reviews these reports, and finally reports to the C.E.O.</p>	(Hedging instrument)	(Hedged item)	Interest rate swap	Debt	Foreign currency exchange contract	Receivables and payables denominated in foreign currencies	<p>(1) Types and purposes of transactions</p> <p style="padding-left: 20px;">Same as at left</p> <p>(2) Transaction policies</p> <p style="padding-left: 20px;">Same as at left</p> <p>(3) Risks associated with derivative transactions</p> <p style="padding-left: 20px;">Same as at left</p> <p>(4) Risk management system for derivative transactions</p> <p style="padding-left: 20px;">Same as at left</p>
(Hedging instrument)	(Hedged item)						
Interest rate swap	Debt						
Foreign currency exchange contract	Receivables and payables denominated in foreign currencies						

2. Transaction market values

FY 2007 (Year ended March 31, 2007)	FY 2008 (Year ended March 31, 2008)
There are no notable derivative balances for FY 2007.	There are no notable derivative balances for FY2008.

(Retirement benefits)

FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)																								
<p>1. Description of retirement benefit plans</p> <p>The Company has established a welfare pension fund plan, qualified retirement pension plan, and lump-sum payment plan as defined-benefit plan. Our domestic consolidated subsidiaries utilize lump-sum payment plans and in some cases a qualified retirement pension plan.</p>	<p>1. Description of retirement benefit plans</p> <p>The Company has established a welfare pension fund plan, qualified retirement pension plan, and lump-sum payment plan as defined-benefit plan. Our domestic consolidated subsidiaries utilize lump-sum payment plans and in some cases a qualified retirement pension plan.</p> <p>The multiple owner system which accounts for the contribution amounts as net periodic pension and severance costs is as shown below.</p>																								
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">(1) Reserve status of the overall system (As of March 31, 2007)</td> <td style="text-align: right; vertical-align: bottom;">(1,000s yen)</td> </tr> <tr> <td style="padding-left: 40px;">[1] Plan assets</td> <td style="text-align: right;">220,595,286</td> </tr> <tr> <td style="padding-left: 40px;">[2] Pension and severance obligation calculated for pension financing</td> <td style="text-align: right;">222,200,870</td> </tr> <tr> <td style="padding-left: 40px;">[3] Difference</td> <td style="text-align: right;">△ 1,605,583</td> </tr> <tr> <td style="padding-left: 20px;">(2) Percentage of the Company's employees in the overall system (As of March 31, 2008)</td> <td style="text-align: right; vertical-align: bottom;">2.512%</td> </tr> <tr> <td style="padding-left: 20px;">(3) Additional explanation</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">Breakdown of the difference in (1) [3] above</td> <td style="text-align: right;">(1,000s yen)</td> </tr> <tr> <td style="padding-left: 60px;">A. Base fund</td> <td style="text-align: right;">21,676,627</td> </tr> <tr> <td style="padding-left: 60px;">B. Balance of unamortized prior service costs</td> <td style="text-align: right;">23,282,211</td> </tr> <tr> <td style="padding-left: 60px;">Difference (A - B)</td> <td style="text-align: right;">△ 1,605,583</td> </tr> </table>	(1) Reserve status of the overall system (As of March 31, 2007)	(1,000s yen)	[1] Plan assets	220,595,286	[2] Pension and severance obligation calculated for pension financing	222,200,870	[3] Difference	△ 1,605,583	(2) Percentage of the Company's employees in the overall system (As of March 31, 2008)	2.512%	(3) Additional explanation		Breakdown of the difference in (1) [3] above	(1,000s yen)	A. Base fund	21,676,627	B. Balance of unamortized prior service costs	23,282,211	Difference (A - B)	△ 1,605,583				
(1) Reserve status of the overall system (As of March 31, 2007)	(1,000s yen)																								
[1] Plan assets	220,595,286																								
[2] Pension and severance obligation calculated for pension financing	222,200,870																								
[3] Difference	△ 1,605,583																								
(2) Percentage of the Company's employees in the overall system (As of March 31, 2008)	2.512%																								
(3) Additional explanation																									
Breakdown of the difference in (1) [3] above	(1,000s yen)																								
A. Base fund	21,676,627																								
B. Balance of unamortized prior service costs	23,282,211																								
Difference (A - B)	△ 1,605,583																								
<p>2. Actuarial present value of projected benefit obligations</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(1,000s yen)</td> </tr> <tr> <td style="padding-left: 20px;">(1) Actuarial present value of projected benefit obligations</td> <td style="text-align: right;">7,523,269</td> </tr> <tr> <td style="padding-left: 20px;">(2) Plan assets (including the employees' retirement benefits trust account)</td> <td style="text-align: right;">4,278,798</td> </tr> <tr> <td style="padding-left: 20px;">(3) Accrued pension and severance costs</td> <td style="text-align: right;">3,816,129</td> </tr> <tr> <td style="padding-left: 20px;">(4) Unrecognized net actuarial difference [(1) - (2) - (3)]</td> <td style="text-align: right;">△ 571,658</td> </tr> </table> <p>Notes: 1. Consolidated subsidiaries use a simplified method when calculating accrued pension and severance costs.</p> <p>2. The plan asset balance for pension funds other than the above as of March 31, 2007 was ¥4,801,302 thousand (percentage of employees enrolled).</p>		(1,000s yen)	(1) Actuarial present value of projected benefit obligations	7,523,269	(2) Plan assets (including the employees' retirement benefits trust account)	4,278,798	(3) Accrued pension and severance costs	3,816,129	(4) Unrecognized net actuarial difference [(1) - (2) - (3)]	△ 571,658	<p>2. Actuarial present value of projected benefit obligations</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(1,000s yen)</td> </tr> <tr> <td style="padding-left: 20px;">(1) Actuarial present value of projected benefit obligations</td> <td style="text-align: right;">7,312,316</td> </tr> <tr> <td style="padding-left: 20px;">(2) Plan assets (including the employees' retirement benefits trust account)</td> <td style="text-align: right;">2,577,914</td> </tr> <tr> <td style="padding-left: 20px;">(3) Accrued pension and severance costs</td> <td style="text-align: right;">3,891,639</td> </tr> <tr> <td style="padding-left: 20px;">(4) Unrecognized net actuarial difference [(1) - (2) - (3)]</td> <td style="text-align: right;">842,762</td> </tr> </table> <p>Note: Consolidated subsidiaries use a simplified method when calculating accrued pension and severance costs.</p>		(1,000s yen)	(1) Actuarial present value of projected benefit obligations	7,312,316	(2) Plan assets (including the employees' retirement benefits trust account)	2,577,914	(3) Accrued pension and severance costs	3,891,639	(4) Unrecognized net actuarial difference [(1) - (2) - (3)]	842,762				
	(1,000s yen)																								
(1) Actuarial present value of projected benefit obligations	7,523,269																								
(2) Plan assets (including the employees' retirement benefits trust account)	4,278,798																								
(3) Accrued pension and severance costs	3,816,129																								
(4) Unrecognized net actuarial difference [(1) - (2) - (3)]	△ 571,658																								
	(1,000s yen)																								
(1) Actuarial present value of projected benefit obligations	7,312,316																								
(2) Plan assets (including the employees' retirement benefits trust account)	2,577,914																								
(3) Accrued pension and severance costs	3,891,639																								
(4) Unrecognized net actuarial difference [(1) - (2) - (3)]	842,762																								
<p>3. Components of net periodic pension and severance costs</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(1,000s yen)</td> </tr> <tr> <td style="padding-left: 20px;">(1) Service cost</td> <td style="text-align: right;">360,756</td> </tr> <tr> <td style="padding-left: 20px;">(2) Interest cost</td> <td style="text-align: right;">130,319</td> </tr> <tr> <td style="padding-left: 20px;">(3) Expected return on plan assets</td> <td style="text-align: right;">14,267</td> </tr> <tr> <td style="padding-left: 20px;">(4) Expense for actuarial difference</td> <td style="text-align: right;">△ 95,080</td> </tr> <tr> <td style="padding-left: 20px;">(5) Net periodic pension and severance cost [(1) + (2) - (3) + (4)]</td> <td style="text-align: right;">381,728</td> </tr> </table> <p>Note: The net periodic pension and severance cost at consolidated subsidiaries which utilize a simplified method is calculated as (1) Service cost.</p>		(1,000s yen)	(1) Service cost	360,756	(2) Interest cost	130,319	(3) Expected return on plan assets	14,267	(4) Expense for actuarial difference	△ 95,080	(5) Net periodic pension and severance cost [(1) + (2) - (3) + (4)]	381,728	<p>3. Components of net periodic pension and severance costs</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(1,000s yen)</td> </tr> <tr> <td style="padding-left: 20px;">(1) Service cost</td> <td style="text-align: right;">384,450</td> </tr> <tr> <td style="padding-left: 20px;">(2) Interest cost</td> <td style="text-align: right;">133,017</td> </tr> <tr> <td style="padding-left: 20px;">(3) Expected return on plan assets</td> <td style="text-align: right;">13,700</td> </tr> <tr> <td style="padding-left: 20px;">(4) Expense for actuarial difference</td> <td style="text-align: right;">39,446</td> </tr> <tr> <td style="padding-left: 20px;">(5) Net periodic pension and severance cost [(1) + (2) - (3) + (4)]</td> <td style="text-align: right;">543,213</td> </tr> </table> <p>Notes: 1. The net periodic pension and severance cost at consolidated subsidiaries which utilize a simplified method is calculated as (1) Service cost.</p> <p>2. In addition to the above net periodic pension and severance costs, the required contribution to the pension fund system is ¥269,554 thousand.</p>		(1,000s yen)	(1) Service cost	384,450	(2) Interest cost	133,017	(3) Expected return on plan assets	13,700	(4) Expense for actuarial difference	39,446	(5) Net periodic pension and severance cost [(1) + (2) - (3) + (4)]	543,213
	(1,000s yen)																								
(1) Service cost	360,756																								
(2) Interest cost	130,319																								
(3) Expected return on plan assets	14,267																								
(4) Expense for actuarial difference	△ 95,080																								
(5) Net periodic pension and severance cost [(1) + (2) - (3) + (4)]	381,728																								
	(1,000s yen)																								
(1) Service cost	384,450																								
(2) Interest cost	133,017																								
(3) Expected return on plan assets	13,700																								
(4) Expense for actuarial difference	39,446																								
(5) Net periodic pension and severance cost [(1) + (2) - (3) + (4)]	543,213																								
<p>4. Major assumptions at the beginning of the year</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">(1) Discount rate</td> <td style="text-align: right;">2.0%</td> </tr> <tr> <td style="padding-left: 20px;">(2) Expected rate of return on plan asse</td> <td style="text-align: right;">2.5%</td> </tr> <tr> <td style="padding-left: 20px;">(3) Allocation method of pension and severance costs</td> <td style="text-align: right;">Straight-line method</td> </tr> <tr> <td style="padding-left: 20px;">(4) Term of amortization of unrecognized net actuarial loss</td> <td style="text-align: right;">10 years</td> </tr> </table>	(1) Discount rate	2.0%	(2) Expected rate of return on plan asse	2.5%	(3) Allocation method of pension and severance costs	Straight-line method	(4) Term of amortization of unrecognized net actuarial loss	10 years	<p>4. Major assumptions at the beginning of the year</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">(1) Discount rate</td> <td style="text-align: right;">2.0%</td> </tr> <tr> <td style="padding-left: 20px;">(2) Expected rate of return on plan assets</td> <td style="text-align: right;">2.5%</td> </tr> <tr> <td style="padding-left: 20px;">(3) Allocation method of pension and severance costs</td> <td style="text-align: right;">Straight-line method</td> </tr> <tr> <td style="padding-left: 20px;">(4) Term of amortization of unrecognized net actuarial loss</td> <td style="text-align: right;">10 years</td> </tr> </table> <p>(Additional information)</p> <p>Beginning in FY 2008, the Company has adopted a partial revision of the "Accounting Standards for Retirement Benefits" (No. 2) (Corporate Accounting Standard No. 14, May 15, 2007).</p>	(1) Discount rate	2.0%	(2) Expected rate of return on plan assets	2.5%	(3) Allocation method of pension and severance costs	Straight-line method	(4) Term of amortization of unrecognized net actuarial loss	10 years								
(1) Discount rate	2.0%																								
(2) Expected rate of return on plan asse	2.5%																								
(3) Allocation method of pension and severance costs	Straight-line method																								
(4) Term of amortization of unrecognized net actuarial loss	10 years																								
(1) Discount rate	2.0%																								
(2) Expected rate of return on plan assets	2.5%																								
(3) Allocation method of pension and severance costs	Straight-line method																								
(4) Term of amortization of unrecognized net actuarial loss	10 years																								

(For share-based payments)

For FY2007 (April 1, 2006 to March 31, 2007)

1. Account and amount of stock options charged as expenses in FY2007

Breakdown	Account name "Stock related expense"			
	Cost of sales (1,000s yen)	Selling expense (1,000s yen)	General and administrative expense (1,000s yen)	Total (1,000s yen)
The 5th share subscription rights	19,842	6,315	11,075	37,233
Share subscription rights issued July 2006 (stock-based compensation type)	---	---	146,342	146,342

2. Description, scale, and movement of stock options]

The Company

(1) Description of stock options

The 1st share subscription rights

Date of the General Meeting of Shareholders	June 27, 2002
Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 10 Auditors of the Company: 4 Employees of the Company: 51 Directors of subsidiaries: 4 Employees of subsidiaries: 3
Number and class of shares to be provided (shares)	Common stock: 170,000
Date of issue	September 2, 2002
Conditions of settlement of rights	Once granted, the grantee shall have the share subscription rights, excluding the case in which the grantee should decease prior to the exercise period for the stock acquisition rights.
Period grantees provide service in return for stock options	No provision
Exercise period	July 1, 2004 – June 30, 2009

The 2nd share subscription rights

Date of the General Meeting of Shareholders	June 27, 2003
Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 10 Auditors of the Company: 4 Employees of the Company: 44 Directors of subsidiaries: 6 Employees of subsidiaries: 4
Number and class of shares to be provided (shares)	Common stock: 100,000
Date of issue	July 30, 2003
Conditions of settlement of rights	Once granted, the grantee shall have the stock acquisition rights, excluding the case in which the grantee should decease prior to the exercise period for the stock acquisition rights.
Period grantees provide service in return for stock options	No provision
Exercise period	July 1, 2005 – June 30, 2010

The 3rd share subscription rights

Date of the General Meeting of Shareholders	June 29, 2004
Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 10 Auditors of the Company: 4 Employees of the Company: 53 Directors of subsidiaries: 5 Employees of subsidiaries: 10
Number and class of shares to be provided (shares)	Common stock: 200,000
Date of issue	September 22, 2004
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	September 22, 2004 – June 30, 2006
Exercise period	July 1, 2006 – June 30, 2011

The 4th share subscription rights

Date of the General Meeting of Shareholders	June 29, 2005
Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 11 Auditors of the Company: 4 Employees of the Company: 273 Directors of subsidiaries: 16 Employees of subsidiaries: 3
Number and class of shares to be provided (shares)	Common stock: 83,100
Date of issue	July 21, 2005
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	July 21, 2005 – June 30, 2007
Exercise period	July 1, 2007 – June 30, 2012

The 5th share subscription rights

Date of the General Meeting of Shareholders	June 29, 2006
Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 9 Auditors of the Company: 5 Employees of the Company: 277 Directors of subsidiaries: 11 Employees of subsidiaries: 6
Number and class of shares to be provided (shares)	Common stock: 80,500
Date of issue	July 25, 2006
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the case of directors and corporate auditors who have retired due to the expiration of their terms of office or upon reaching retirement age, or employees who have forfeited their position on account of company expediency or due to other similar reasons.
Period grantees provide service in return for stock options	July 25, 2006 – July 25, 2008
Exercise period	July 26, 2008 – June 30, 2013

Share subscription rights issued June 2005 (stock-based compensation type)

Date of the General Meeting of Shareholders	June 29, 2005
Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 7 Employees of the Company (executive officers): 11
Number and class of shares to be provided (shares)	Common stock: 47,000
Date of issue	June 29, 2005
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of right allotment, the length of service shall not be considered.
Exercise period	June 30, 2005 – June 30, 2025

Share subscription rights issued July 2006 (stock-based compensation type)

Date of the General Meeting of Shareholders	June 29, 2006
Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company: 6 Employees of the Company (executive officers): 12
Number and class of shares to be provided (shares)	Common stock: 29,600
Date of issue	July 14, 2006
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of right allotment, the length of service shall not be considered.
Exercise period	July 15, 2006 – July 14, 2026

(2) Scale and movement of stock options

[1] Numbers of stock options

	The 1st share subscription rights	The 2nd share subscription rights	The 3rd share subscription rights	The 4th share subscription rights	The 5th share subscription rights
Non-exercisable stock options					
Stock options outstanding at end of FY2006 (shares)	---	---	196,000	82,800	---
Stock options granted (shares)	---	---	---	---	80,500
Forfeitures (shares)	---	---	2,000	2,600	1,500
Conversion to exercisable stock options (shares)	---	---	194,000	---	---
Stock options outstanding (shares)	---	---	---	80,200	79,000
Exercisable stock options				---	---
Stock options outstanding at end of FY2006 (shares)	27,000	57,400	---	---	---
Conversion from non-exercisable stock options (shares)	---	---	194,000	---	---
Stock options exercised (shares)	11,900	17,500	57,400	---	---
Forfeitures (shares)	---	---	---	---	---
Stock options outstanding (shares)	15,100	39,900	136,600	---	---

	Share subscription rights issued June 2005 (stock-based compensation type)	Share subscription rights issued July 2006 (stock-based compensation type)
Non-exercisable stock options		
Stock options outstanding at end of FY2006 (shares)	39,000	---
Stock options granted (shares)	---	29,600
Forfeitures (shares)	---	---
Conversion to exercisable stock options (shares)	---	---
Stock options outstanding (shares)	39,000	29,600
Exercisable stock options		
Stock options outstanding at end of FY2006 (shares)	---	---
Conversion from non-exercisable stock options (shares)	---	---
Stock options exercised (shares)	---	---
Forfeitures (shares)	---	---
Stock options outstanding (shares)	---	---

[2] Price information

	The 1st share subscription rights	The 2nd share subscription rights	The 3rd share subscription rights	The 4th share subscription rights	The 5th share subscription rights	Share subscription rights issued June 2005 (stock-based compensation type)	Share subscription rights issued July 2006 (stock-based compensation type)
Paid-in value (yen)	3,239	3,370	3,317	4,740	5,828	1	1
Average market price of the stock at the time of exercise (yen)	5,590	4,607	5,104	---	---	---	---
Fair value at the date of grant (yen)	---	---	---	---	1,380	---	4,944

3. Valuation of fair value of stock options granted during FY2007

(1) Calculation method used

Black Scholes option pricing model

(2) Basic assumptions and valuation method used

	The 5th share subscription rights	Share subscription rights issued July 2006 (stock-based compensation type)
Volatility (annual %)	39.792% *Note 1	50.562% *Note 2
Expected life	4.5 years *Note 3	10 years *Note 3
Expected dividend	¥40 *Note 4	¥40 *Note 4
Risk free interest rate (annual %)	1.272% *Note 5	1.855% *Note 5

Notes: 1. Calculated based on the list stock price records from the past 4.5 years (January 26, 2002 – July 25, 2006).

2. Calculated based on the list stock price records from the past 10 years (July 15, 1996 – July 14, 2006).

3. Assumed to be the mid-point between the vesting date and the end of the contractual term.

4. Based on the dividend records from the 12 months preceding the vesting date (¥20 intermediate dividend and ¥20 year-end dividend for the year ended March 2006).

5. Based on the yield of government bonds over the expected life.

4. Estimation of the number of stock options vested

Because it is fundamentally difficult to reasonably estimate the future number of forfeitures, we have adopted a method which utilizes only historical data for the number of forfeitures.

FY 2008 (April 1, 2007 - March 31, 2008)

1. Account and amount of stock options charged as expenses in FY 2008

Breakdown	Account name: "Stock-based compensation expense"			
	Cost of sales (1,000s yen)	Selling expense (1,000s yen)	General and administrative expenses (1,000s yen)	Total (1,000s yen)
The 5th share subscription rights	28,352	8,316	15,285	51,955
The 6th share subscription rights	21,076	5,847	9,609	36,532
Share subscription rights issued July 2007 (Stock-based compensation options)	—	—	129,472	129,472
Total	49,428	14,164	154,367	217,959

2. Description, scale, and movement of stock options

The Company

(1) Description of stock options

The 1st stock purchase warrants

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	10
	Auditors of the Company	4
	Employees of the Company	51
	Directors of subsidiaries	4
	Employees of subsidiaries	3
Class and number of shares to be provided (shares)	Common stock	170,000
Date of issue	September 2, 2002	
Conditions of settlement of rights	Once granted, the grantee shall have the stock acquisition rights, excluding the case in which the grantee should decease prior to the exercise period for the stock acquisition rights.	
Period grantees provide service in return for stock options	No provision	
Exercise period	July 1, 2004 - June 30, 2009	

The 2nd share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	10
	Auditors of the Company	4
	Employees of the Company	44
	Directors of subsidiaries	6
	Employees of subsidiaries	4
Class and number of shares to be provided (shares)	Common stock	100,000
Date of issue	July 30, 2003	
Conditions of settlement of rights	Once granted, the grantee shall have the stock acquisition rights, excluding the case in which the grantee should decease prior to the exercise period for the stock acquisition rights.	
Period grantees provide service in return for stock options	No provision	
Exercise period	July 1, 2005 - June 30, 2010	

The 3rd share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	10
	Auditors of the Company	4
	Employees of the Company	53
	Directors of subsidiaries	5
	Employees of subsidiaries	10
Class and number of shares to be provided (shares)	Common stock	200,000
Date of issue	September 22, 2004	
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the cas	
Period grantees provide service in return for stock options	September 22, 2004 - June 30, 2006	
Exercise period	July 1, 2006 - June 30, 2011	

The 4th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	11
	Auditors of the Company	4
	Employees of the Company	273
	Directors of subsidiaries	16
	Employees of subsidiaries	3
Class and number of shares to be provided (shares)	Common stock	83,100
Date of issue	July 21, 2005	
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the cas	
Period grantees provide service in return for stock options	July 21, 2005 - June 30, 2007	
Exercise period	July 1, 2007 - June 30, 2012	

The 5th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	9
	Auditors of the Company	5
	Employees of the Company	277
	Directors of subsidiaries	11
	Employees of subsidiaries	6
Class and number of shares to be provided (shares)	Common stock	80,500
Date of issue	July 25, 2006	
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the cas	
Period grantees provide service in return for stock options	July 25, 2006 - July 25, 2008	
Exercise period	July 26, 2008 - June 30, 2013	

The 6th share subscription rights

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	9
	Employees of the Company	319
	Directors of subsidiaries	8
	Employees of subsidiaries	18
Class and number of shares to be provided (shares)	Common stock	81,100
Date of issue	July 19, 2007	
Conditions of settlement of rights	Persons who have received allotment of stock acquisition rights must hold the position of director, corporate auditor, or employee of the Company, its subsidiary, or an affiliate at the time of exercise. However, this limitation shall not apply in the cas	
Period grantees provide service in return for stock options	July 19, 2007 - July 19, 2009	
Exercise period	July 20, 2009 - June 30, 2014	

Share subscription rights issued June 2005 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	7
	Employees of the Company (executive officers)	11
Class and number of shares to be provided (shares)	Common stock	47,000
Date of issue	June 29, 2005	
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.	
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of right allotment, the length of service shall not be considered.	
Exercise period	June 30, 2005 - June 30, 2025	

Share subscription rights issued July 2006 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	6
	Employees of the Company (executive officers)	12
Class and number of shares to be provided (shares)	Common stock	29,600
Date of issue	July 14, 2006	
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.	
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of right allotment, the length of service shall not be considered.	
Exercise period	July 15, 2006 - July 14, 2026	

Share subscription rights issued July 2007 (stock-based compensation type)

Categories and numbers of persons to whom rights are granted (persons)	Directors of the Company	6
	Employees of the Company (executive officers)	12
Class and number of shares to be provided (shares)	Common stock	32,000
Date of issue	July 19, 2007	
Conditions of settlement of rights	In principle, directors and executive officers of the Company may exercise their stock acquisition rights after losing their positions.	
Period grantees provide service in return for stock options	Because it is difficult to reasonably predict the date of right allotment, the length of service shall not be considered.	
Exercise period	July 20, 2007 - July 19, 2027	

(2) Scale and movement of stock options

[1] Numbers of stock options

	The 1st share subscription rights	The 2nd share subscription	The 3rd share subscription rights	The 4th share subscription rights	The 5th share subscription rights	The 6th share subscription rights
Non-exercisable stock options						
Stock options outstanding at end of FY2007 (shares)	—	—	—	80,200	79,000	—
Stock options granted (shares)	—	—	—	—	—	81,100
Forfeitures (shares)	—	—	—	300	2,200	500
Conversion to exercisable stock options (shares)	—	—	—	79,900	—	—
Stock options outstanding (shares)	—	—	—	—	76,800	80,600
Exercisable stock options						
Stock options outstanding at end of FY2007 (shares)	15,100	39,900	136,600	—	—	—
Conversion from non-exercisable stock options (shares)	—	—	—	79,900	—	—
Stock options exercised (shares)	600	2,900	1,000	—	—	—
Forfeitures (shares)	—	—	1,000	1,500	—	—
Stock options outstanding (shares)	14,500	37,000	134,600	78,400	—	—

	Share subscription rights issued June 2005 (stock-based compensation type)	Share subscription rights issued July 2006 (stock-based compensation type)	Share subscription rights issued July 2007 (stock-based compensation type)
Non-exercisable stock options			
Stock options outstanding at end of FY2007 (shares)	39,000	29,600	—
Stock options granted (shares)	—	—	32,000
Forfeitures (shares)	—	—	—
Conversion to exercisable stock options (shares)	4,800	3,300	2,400
Stock options outstanding (shares)	34,200	26,300	29,600
Exercisable stock options			
Stock options outstanding at end of FY2007 (shares)	—	—	—
Conversion from non-exercisable stock options (shares)	4,800	3,300	2,400
Stock options exercised (shares)	4,800	3,300	600
Forfeitures (shares)	—	—	1,800
Stock options outstanding (shares)	—	—	—

[2] Price information

	The 1st share subscription rights	The 2nd share subscription rights	The 3rd share subscription rights	The 4th share subscription rights	The 5th share subscription rights	The 6th share subscription rights
Paid-in value (yen)	3,239	3,370	3,317	4,740	5,828	4,615
Average market price of the stock at the time of exercise (yen)	4,420	4,420	4,010	—	—	—
Fair value at the date of grant (yen)	—	—	—	—	1,380	1,291

	Share subscription rights issued June 2005 (stock-based compensation type)	Share subscription rights issued July 2006 (stock-based compensation type)	Share subscription rights issued July 2007 (stock-based compensation type)
Paid-in value (yen)	1	1	1
Average market price of the stock at the time of exercise (yen)	2,900	3,050	2,430
Fair value at the date of grant (yen)	—	4,944	4,046

3. Valuation of fair value of stock options granted during FY2008

(1) Calculation method used

Black Scholes option pricing model

(2) Basic assumptions and valuation method used

	The 6th share subscription rights	Share subscription rights issued July 2007 (stock-based compensation type)
Volatility (annual %)	36.647% *Note 1	50.592% *Note 2
Expected life	4.5 years *Note 3	10 years *Note 3
Expected dividend per share	¥50 *Note 4	¥50 *Note 4
Risk free interest rate (annual %)	1.422% *Note 5	1.902% *Note 5

- Notes:
1. Calculated based on the list stock price records from the past 4.5 years (January 20, 2003 – July 19, 2007).
 2. Calculated based on the list stock price records from the past 10 years (July 15, 1997 – July 19, 2007).
 3. Assumed to be the mid-point between the vesting date and the end of the contractual term.
 4. Based on the dividend records from the 12 months preceding the vesting date (¥25 intermediate dividend and ¥25 year-end dividend for the year ended March 2007).
 5. Based on the yield of government bonds over the expected life.

4. Estimation of the number of stock options vested

Because it is fundamentally difficult to reasonably estimate the future number of forfeitures, we have adopted a method which utilizes only historical data for the number of forfeitures.

(Income taxes)

FY 2007 (Year ended March 31, 2007)		FY 2008 (Year ended March 31, 2008)	
1. Significant components of deferred tax assets and liabilities		1. Significant components of deferred tax assets and liabilities	
Deferred tax assets	(1,000s yen)	Deferred tax assets	(1,000s yen)
Accrued pension and severance cost	2,661,609	Accrued pension and severance cost	2,692,713
Temporary difference of investment in a subsidiary	1,554,641	Temporary difference of investment in a subsidiary	662,239
Tax loss carryforwards	1,307,819	Tax loss carryforwards	463,024
Accrued bonuses	389,358	Accrued bonuses	361,854
Accrued enterprise taxes	309,133	Accrued enterprise taxes	152,795
Other	1,057,989	Other	1,233,625
Gross deferred tax asset subtotal	7,280,553	Gross deferred tax asset subtotal	5,566,252
Less valuation allowance	△ 1,860,326	Less valuation allowance	△ 1,712,543
Deferred tax assets	5,420,226	Deferred tax assets	3,853,709
Deferred tax liabilities		Deferred tax liabilities	
Gain on securities contribution to employees' retirement benefits trust	△ 704,787	Gain on securities contribution to employees' retirement benefits trust	△ 704,787
Undistributed earnings of foreign subsidiaries	△ 430,765	Undistributed earnings of foreign subsidiaries	△ 457,712
Deferred capital gains on fixed assets	△ 48,552	Deferred capital gains on fixed assets	△ 47,091
Net unrealized gain on securities	△ 971,650	Net unrealized gain on securities	△ 45,468
Other	△ 105,871	Gross deferred tax liabilities	△ 1,255,060
Gross deferred tax liabilities	△ 2,261,628	Net deferred tax assets	2,598,649
Net deferred tax assets	3,158,598		
2. Reconciliations between the effective corporate tax rates reflected in the consolidated financial statements and the statutory tax rate		2. Reconciliations between the effective corporate tax rates reflected in the consolidated financial statements and the statutory tax rate	
Statutory tax rate of the Company	40.69 %	Statutory tax rate of the Company	40.69 %
(Reconciliation)		(Reconciliation)	
Valuation allowance	△ 6.87	Valuation allowance	7.02
Tax credit for increased research expenses	△ 3.10	Tax credit for increased research expenses	△ 1.78
Amortization of goodwill	1.03	Amortization of goodwill	1.47
Other	2.02	Expenses not deductible for income for tax purpose	0.58
Effective corporate tax rate	33.77	Other	△ 0.20
		Effective corporate tax rate	47.78

(Business combinations)

FY 2007 (April 1, 2006 - March 31, 2007)

Not applicable

FY 2008 (April 1, 2007 - March 31, 2008)

Not applicable

(Segment information)
[Business segments]

FY 2007 (April 1, 2006 - March 31, 2007)

	SPE business (1,000s yen)	Metrology business (1,000s yen)	Total (1,000s yen)	Corporate and elimination (1,000s yen)	Consolidation (1,000s yen)
I. Sales and operating income					
Sales					
(1) Sales to third parties	78,091,930	22,230,769	100,322,699	—	100,322,699
(2) Intersegment sales or transfers	—	—	—	(—)	—
Total	78,091,930	22,230,769	100,322,699	(—)	100,322,699
Operating expenses	69,261,912	16,974,325	86,236,238	(—)	86,236,238
Operating income	8,830,017	5,256,443	14,086,461	—	14,086,461
II. Assets, depreciation, and capital expenditure					
Assets	87,583,859	23,470,576	111,054,436	3,777,178	114,831,615
Depreciation	2,360,163	521,888	2,882,051	—	2,882,051
Capital expenditure	1,500,410	1,010,908	2,511,319	—	2,511,319

- Notes:
- The Company's business segments are determined with consideration for product types and properties, as well as similarities in the selling markets and other factors.
 - Primary products of each business segment
 - SPE business
Wafer inspection systems, CMPs, polish grinders, wafer probing machines, wafer dicing machines, wafer manufacturing machines
 - Metrology business
Roundness and cylindrical profile measuring instruments, surface texture and contour measuring instruments, 3D coordinate measuring machines, electric micrometers, machine control gauges, various automated measuring, sorting, and assembling machines
 - The primary components of company capital which are included in the "Corporation and elimination" column include surplus funds and long-term investment funds (investments and investment securities). The amount is ¥3,777,178 thousand.
 - As described in "Changes in accounting methods," beginning from FY 2007, the Company has adopted changes in the revenue recognition standards, stock options standards, and standards for accrued bonuses to directors and corporate auditors. The adoption of these changes has resulted in the following increases or decreases (Δ) to sales, operating expenses, and operating income for the semiconductor manufacturing equipment division and measuring systems division.
This change had no effect on assets.

		SPE business (1,000s yen)	Metrology business (1,000s yen)	Consolidation (1,000s yen)
Changes in revenue recognition standards	Sales (total)	Δ 400,000	—	Δ 400,000
	Operating expenses	Δ 338,321	—	Δ 338,321
	Operating income	Δ 61,678	—	Δ 61,678
Changes in stock options standards	Sales (total)	—	—	—
	Operating expenses	125,444	58,131	183,576
	Operating income	Δ 125,444	Δ 58,131	Δ 183,576
Changes in standards for accrued bonuses to directors and corporate auditors	Sales (total)	—	—	—
	Operating expenses	36,207	23,292	59,500
	Operating income	Δ 36,207	Δ 23,292	Δ 59,500
Total	Sales (total)	Δ 400,000	—	Δ 400,000
	Operating expenses	Δ 176,670	81,424	Δ 95,245
	Operating income	Δ 223,329	Δ 81,424	Δ 304,754

FY 2008 (April 1, 2007 - March 31, 2008)

	SPE business (1,000s yen)	Metrology business (1,000s yen)	Total (1,000s yen)	Corporate and elimination (1,000s yen)	Consolidation (1,000s yen)
I. Sales and operating income					
Sales					
(1) Sales to third parties	67,469,003	24,354,332	91,823,335	—	91,823,335
(2) Intersegment sales or transfers	—	—	—	(—)	—
Total	67,469,003	24,354,332	91,823,335	(—)	91,823,335
Operating expenses	63,014,113	18,359,104	81,373,217	(—)	81,373,217
Operating income	4,454,889	5,995,228	10,450,117	—	10,450,117
II. Assets, depreciation, and capital expenditure					
Assets	80,873,034	24,062,452	104,935,487	2,731,890	107,667,377
Depreciation	2,107,413	533,216	2,640,629	—	2,640,629
Capital expenditure	4,925,180	1,247,763	6,172,943	—	6,172,943

Notes: 1. The Company's business segments are determined with consideration for product types and properties, as well as similarities in the selling markets and other factors.

2. Primary products of each business segment

- | | |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) SPE business | Wafer inspection systems, CMPs, polish grinders, wafer probing machines, wafer dicing machines, wafer manufacturing machines |
| (2) Metrology business | Roundness and cylindrical profile measuring instruments, surface texture and contour measuring instruments, 3D coordinate measuring machines, electric micrometers, machine control gauges, various automated measuring, sorting, and assembling machines |

3. The primary components of company capital which are included in the "Corporation and elimination" column include surplus funds and long-term investment funds (investments and investment securities). The amount is ¥2,731,890 thousand.

4. As a result of the revision to the Corporation Tax Law of Japan, beginning from FY 2008 the Company has adopted the changes described in "Changes in basis of presenting consolidated financial statements," "4. Significant accounting policies," "(2) Depreciation of property, plant, and equipment," "(B) Property, plant, and equipment (changes in accounting policy)." In the semiconductor manufacturing equipment division, these changes resulted in an increase of ¥43,360 thousand in the operating expenses, and a decrease of the same amount in operating income, compared with the previous accounting methods. In the measuring systems division, these changes resulted in an increase of ¥11,738 thousand in the operating expenses, and a decrease of the same amount in operating income.

5. As a result of the revision to the Corporation Tax Law of Japan, beginning from FY 2008 the Company has adopted the changes described in "Changes in basis of presenting consolidated financial statements," "4. Significant accounting policies," "(2) Depreciation of property, plant, and equipment," "(B) Property, plant, and equipment (additional information)." In the semiconductor manufacturing equipment division, these changes resulted in an increase of ¥15,539 thousand in the operating expenses, and a decrease of the same amount in operating income, compared with the previous accounting methods. In the measuring systems division, these changes resulted in an increase of ¥10,254 thousand in the operating expenses, and a decrease of the same amount in operating income.

[Geographical segments]

FY 2007 (April 1, 2006 - March 31, 2007)

	Japan (1,000s yen)	USA (1,000s yen)	Germany (1,000s yen)	Total (1,000s yen)	Corporate and elimination (1,000s yen)	Consolidation (1,000s yen)
I. Sales and operating income						
Sales						
(1) Sales to third parties	81,916,813	11,443,450	6,962,436	100,322,699	—	100,322,699
(2) Intersegment sales or transfers	11,957,851	—	—	11,957,851	(11,957,851)	—
Total	93,874,665	11,443,450	6,962,436	112,280,551	(11,957,851)	100,322,699
Operating expenses	80,531,587	11,406,652	6,197,407	98,135,647	(11,899,409)	86,236,238
Operating income	13,343,077	36,798	765,028	14,144,904	(58,442)	14,086,461
II. Assets	106,466,562	6,741,537	2,891,656	116,099,757	(1,268,142)	114,831,615

Notes: 1. Method of determining country segments

Country segments are determined based on the regional independence of the business activities.

- The primary components of company capital which are included in the "Corporation and elimination" column include surplus funds and long-term investment funds (investments and investment securities). The amount is ¥3,777,178 thousand.
- As described in "Changes in accounting," beginning from FY 2007, the Company has adopted changes in the revenue recognition standards, stock options standards, and standards for accrued bonuses to directors and corporate auditors. The adoption of these changes has resulted in the following increases or decreases (Δ) to sales, operating expenses, and operating income for the semiconductor manufacturing equipment division and measuring systems division. This change had no effect on assets.

		Japan (1,000s yen)	Corporate and elimination (1,000s yen)	Consolidation (1,000s yen)
Changes in revenue recognition standards	Sales (total)	Δ 400,000	—	Δ 400,000
	Operating expenses	Δ 338,321	—	Δ 338,321
	Operating income	Δ 61,678	—	Δ 61,678
Changes in stock options standards	Sales (total)	—	—	—
	Operating expenses	183,576	—	183,576
	Operating income	Δ 183,576	—	Δ 183,576
Changes in standards for accrued bonuses to directors and corporate auditors	Sales (total)	—	—	—
	Operating expenses	59,500	—	59,500
	Operating income	Δ 59,500	—	Δ 59,500
Total	Sales (total)	Δ 400,000	—	Δ 400,000
	Operating expenses	Δ 95,245	—	Δ 95,245
	Operating income	Δ 304,754	—	Δ 304,754

FY 2008 (April 1, 2007 - March 31, 2008)

	Japan (1,000s yen)	USA (1,000s yen)	Germany (1,000s yen)	Korea (1,000s yen)	Total (1,000s yen)	Corporate and elimination (1,000s yen)	Consolidation (1,000s yen)
I. Sales and operating income							
Sales							
(1) Sales to third parties	77,920,434	6,109,946	7,304,447	488,506	91,823,335	—	91,823,335
(2) Intersegment sales or transfers	9,040,403	—	60,141	500,339	9,600,884	(9,600,884)	—
Total	86,960,837	6,109,946	7,364,589	988,845	101,424,219	(9,600,884)	91,823,335
Operating expenses	76,607,565	6,673,307	6,875,337	916,537	91,072,747	(9,699,530)	81,373,217
Operating income	10,353,272	Δ 563,361	489,252	72,308	10,351,471	98,646	10,450,117
II. Assets	101,175,069	4,846,346	3,672,794	492,773	110,186,983	(2,519,606)	107,667,377

Notes: 1. Method of determining country segments

Country segments are determined based on the regional independence of the business activities.

- The primary components of company capital which are included in the "Corporation and elimination" column include surplus funds and long-term investment funds (investments and investment securities). The amount is ¥2,731,890 thousand.
- As a result of the revision to the Corporation Tax Law of Japan, beginning from FY 2008, the Company has

adopted the changes described in "Changes in Basis of Presenting Consolidated Financial Statements, 4. Significant accounting policies, (2) Depreciation of property, plant, and equipment, (B) Property, plant, and equipment (changes in accounting policy)." In Japan, these changes resulted in an increase of ¥55,099 thousand in the cost of revenue from operations, and a decrease of the same amount in operating income, compared with the previous accounting methods.

4. As a result of the revision to the Corporation Tax Law of Japan, beginning from FY 2008, the Company has adopted the changes described in "Changes in Basis of Presenting Consolidated Financial Statements, 4. Significant accounting policies, (2) Depreciation of property, plant, and equipment, (B) Property, plant, and equipment (additional information)." In Japan, these changes resulted in an increase of ¥25,793 thousand in the cost of revenue from operations, and a decrease of the same amount in operating income, compared with the previous accounting methods.
5. "Korea" was added beginning in FY 2008 as a result of including Accretech Korea Co., Ltd. in the scope of consolidation.

[Overseas sales]

FY 2007 (April 1, 2006 - March 31, 2007)

	East Asia	North America	Europe	Other regions	Total
I. Overseas sales (1,000s yen)	28,709,032	9,121,778	7,332,085	5,299,709	50,462,606
II. Consolidated sales (1,000s yen)	—	—	—	—	100,322,699
III. Percentage of overseas sales in consolidated sales (%)	28.6	9.1	7.3	5.3	50.3

Notes: 1. Overseas sales are the sales of the Company and its consolidated subsidiaries in countries and regions outside Japan.

2. Method of classifying countries and regions, and primary countries and regions in each category

(1) Countries and regions are determined according to geographical proximity.

(2) Primary countries and regions in each category

East Asia:	Korea, Taiwan, China
North America:	USA, Canada
Europe:	Germany, UK, Italy
Other regions:	Singapore, Malaysia, Philippines

FY 2008 (April 1, 2007 - March 31, 2008)

	East Asia	Europe	North America	Other regions	Total
I. Overseas sales (1,000s yen)	25,722,645	7,468,847	4,479,818	7,170,189	44,841,500
II. Consolidated sales (1,000s yen)	—	—	—	—	91,823,335
III. Percentage of overseas sales in consolidated sales (%)	28.0	8.1	4.9	7.8	48.8

Notes: 1. Overseas sales are the sales of the Company and its consolidated subsidiaries in countries and regions outside Japan.

2. Method of classifying countries and regions, and primary countries and regions in each category

(1) Countries and regions are determined according to geographical proximity.

(2) Primary countries and regions in each category

East Asia:	Korea, Taiwan, China
North America:	USA, Canada
Europe:	Germany, UK, Italy
Other regions:	Singapore, Malaysia, Philippines

(Transactions with related parties)

FY2007 (April 1, 2006 – May 31, 2007)

No applicable transactions

FY2008 (April 1, 2007 – May 31, 2008)

No applicable transactions

(Per share information)

(yen)

FY 2007 (April 1, 2006 - March 31, 2007)		FY 2008 (April 1, 2007 - March 31, 2008)	
Net assets per share	1,347.09	Net assets per share	1,370.98
Basic net income per share	217.91	Basic net income per share	119.84
Diluted net income per share	203.10	Diluted net income per share	111.93

Note: Basis for calculations

1. Net assets per share

Item	FY 2007 (Year ended March 31, 2007)	FY 2008 (Year ended March 31, 2008)
Total in the NET ASSETS column of the consolidated balance sheet (1,000s yen)	54,281,931	55,487,148
Net assets available to common shareholders (1,000s yen)	54,098,355	55,111,637
Breakdown of difference		
Share subscription rights (1,000s yen)	183,576	375,510
Shares of common stock issued (1,000s shares)	40,187	40,228
Common stock treasury shares (1,000s shares)	28	29
Number of common stock shares used to calculate net assets per share (1,000s shares)	40,159	40,198

2. Basic net income per share and diluted net income per share

Item	FY 2007 (April 1, 2006 - March 31, 2007)	FY 2008 (April 1, 2007 - March 31, 2008)
Net income in the consolidated balance sheet (1,000s yen)	8,741,469	4,813,956
Net income attributable to common shareholders	8,741,469	4,813,956
Amount not attributed to common shareholders (1,000s yen)	—	—
Average number of shares of common stock during the fiscal year (1,000s shares)	40,114	40,169
Details of adjusted net income used to calculate diluted net income (1,000s yen)		
Interest expense (after deduction of estimated taxes)	252	126
Adjusted net income (1,000s yen)	252	126
Increase in common stock shares used to calculate diluted net income per share (1,000s shares)		
Share subscription rights	<p>Stock option system</p> <p> Special resolution of the General Meeting of Shareholders</p> <p> June 27, 2002 9</p> <p> June 27, 2003 19</p> <p> June 29, 2004 68</p> <p> June 29, 2005 12</p> <p>Stock option system (stock-based compensation type)</p> <p> Special resolution of the General Meeting of Shareholders</p> <p> June 29, 2005 38</p> <p> June 29, 2006 21</p>	<p>Stock option system</p> <p> (Shares issued upon exercise of rights)</p> <p> The 1st 0</p> <p> The 2nd 0</p> <p> The 3rd 0</p> <p>Stock option system (stock-based compensation type)</p> <p> Issued June 2005 36</p> <p> Issued June 2006 27</p> <p> Issued June 2007 21</p>
Bonds with share subscription rights	<p>Yen-denominated convertible bonds with share subscription rights maturing in 2008 2,728</p>	<p>Yen-denominated convertible bonds with share subscription rights maturing in 2008 2,728</p>
Convertible bonds	<p>2nd unsecured convertible bonds 27</p>	<p>2nd unsecured convertible bonds 25</p>
Increase in common stock (1,000s shares)	2,926	2,839
Securities excluded the calculation of diluted net income per share due to lack of dilutive effects	<p>Share subscription rights under the stock option system</p> <p> Special resolution of the General Meeting of Shareholders</p> <p> June 29, 2006 79,000 shares</p> <p>Details are as listed in Part 4 Corporate Information, "1. Information on the Company's shares, (2) Status of share subscription rights" or in Part 5 "Financial Information - Stock options."</p>	<p>Share subscription rights under the stock option system</p> <p> (1,000s shares)</p> <p> The 1st 14</p> <p> The 2nd 37</p> <p> The 3rd 134</p> <p> The 4th 78</p> <p> The 5th 76</p> <p> The 6th 80</p> <p>Details are as listed in Part 4 Corporate Information, "1. Information on the Company's shares, (2) Status of share subscription rights" or in Part 5 "Financial Information - Stock options."</p>

(Significant subsequent events)

FY2007 (April 1, 2006 – May 31, 2007)

No applicable events

FY2008 (April 1, 2007 – May 31, 2008)

No applicable events

[5] Consolidated supplemental statement
Statement of bonds payable

Company	Description	Date of issuance	Balance at end of FY2007 (1,000s yen)	Balance at end of FY2008 (1,000s yen)	Interest rate (%)	Collateral	Maturity date
The Company	2nd unsecured convertible bonds	April 15, 1996	50,000	---	---	---	---
The Company	Yen-denominated convertible bonds with share subscription rights maturing in 2008	Oct. 6, 2003	13,965,000	13,965,000 (13,965,000)	No interest	None	Oct. 6, 2008
Tosei Engineering Corp.	4th unsecured straight bonds	Dec. 25, 2002	500,000	---	---	---	---
Tosei Engineering Corp.	5th unsecured straight bonds	Dec. 25, 2002	100,000	---	---	---	---
Tosei Engineering Corp.	6th unsecured straight bonds	Dec. 25, 2002	600,000	---	---	---	---
Subtotal		---	15,215,000	13,965,000 (13,965,000)	---	---	---
Elimination of internal transactions		---	---	---	---	---	---
Total		---	15,215,000	13,965,000 (13,965,000)	---	---	---

Notes: 1. Figures in parentheses in the "Balance at end of FY2008" column are amounts which are scheduled to be redeemed within 1 year.

2. The amounts which are scheduled to be redeemed each year for the 5 years following the consolidated settlement date are as follows:

Due within 1 year (1,000s yen)	Due after 1 year but within two years (1,000s yen)	Due after two years but within three years (1,000s yen)	Due after three years but within four years (1,000s yen)	Due after four years but within five years (1,000s yen)
13,965,000	---	---	---	---

3. The details of the bonds with share subscription rights are as follows:

Description: Yen-denominated convertible bonds with share subscription rights maturing in 2008

Shares issued when the share subscription rights are exercised	Share subscription right issue price	Share issue price	Total issue price (1,000s yen)	Total issue price of all previously issued shares (1,000s yen)	Share subscription right ratio (%)	Exercise period	Substitutive deposits
The Company. common stock	No price	¥5,117.80 per share	17,500,000	3,535,000	100	Oct. 20, 2003 – Sept. 22, 2008	See note.

Note: When the holder of these bonds with share subscription rights exercises the stock acquisition rights, the exercise price is deemed to have been paid in exchange for redemption of the full bond value.

Schedule of borrowings

Category	Balance at end of FY2007 (1,000s yen)	Balance at end of FY2008 (1,000s yen)	Average interest rate (%)	Repayment term
Short-term loans payable	118,090	2,000,500	1.83	---
Long-term loans payable scheduled to be paid within 1 year	4,071,450	2,735,550	1.53	---
Lease obligation scheduled to be paid within 1 year	---	---	---	---
Long term loans payable (excepting loans scheduled to be paid within 1 year)	8,935,800	3,657,700	1.75	April 30, 2009 – Sept. 30, 2011
Lease obligation (expecting obligations scheduled to be paid within 1 year)	---	---	---	---
Other interest-bearing debt	---	---	---	---
Subtotal	13,125,340	8,393,700	---	---
Elimination of internal transactions	△3,726,750	△429,600	---	---
Total	9,398,590	7,964,100	---	---

Notes 1. The amounts of the long term loans payable (excepting loans scheduled to be paid within 1 year) that are scheduled to be paid within the 5 years following the consolidated settlement date are as follows:

Due after 1 year but within two years (1,000s yen)	Due after two years but within three years (1,000s yen)	Due after three years but within four years (1,000s yen)	Due after four years but within five years (1,000s yen)
2,220,000	842,000	409,500	---

2. The “Average interest rate” represents the weighted-average rate applicable to the year-end balance.

(2) Others

[1] Status following the end of the consolidated fiscal year
No applicable

[2] Important lawsuits or similar issues
No applicable