

Year-End Financial Statements

For the fiscal year ended May 31, 2009

Toyo Denki Seizo K.K. Stock Exchange: 1st Section of Tokyo Stock Exchange
 Stock Code: 6505 URL <http://www.toyodenki.co.jp>
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Scheduled date of convention of ordinary general meeting of shareholders: August 28, 2009

Scheduled date of commencement of dividend payments: August 31, 2009

Scheduled date of submission of financial report: August 31, 2009

I. Consolidated Business Results for the Fiscal Year Ended May 31, 2009

(June 1, 2008 – May 31, 2009)

1. Consolidated Operating Results

Note: Amounts in financial statements and the supplementary data are rounded down.

(In millions of yen, except where noted; percentage figures show year-on-year growth.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal year ended May 31, 2009	33,226	(12.9)%	1,396	0.4%	1,267	5.9%	103	(80.7)%
Fiscal year ended May 31, 2008	38,130	4.3%	1,391	(27.9)%	1,197	(39.1)%	532	–

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Net Income to Shareholders' Equity Ratio (%)	Ordinary Income to Total Assets Ratio (%)	Operating Income to Net Sales Ratio (%)
Fiscal year ended May 31, 2009	2.32	–	0.8	3.7	4.2
Fiscal year ended May 31, 2008	11.84	–	3.7	3.4	3.6

Reference: Equity method investment gain or loss for: Fiscal year ended May 31, 2009: - million yen
 Fiscal year ended May 31, 2008: - million yen

2. Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal year ended May 31, 2009	32,780	12,464	38.0	282.40
Fiscal year ended May 31, 2008	35,371	13,729	38.8	308.51

Reference: Shareholders' equity for: Fiscal year ended May 31, 2009: 12,464 million yen
 Fiscal year ended May 31, 2008: 13,729 million yen

3. Consolidated Cash Flows

(In millions of yen)

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of the Year
Fiscal year ended May 31, 2009	1,760	(1,555)	459	2,967
Fiscal year ended May 31, 2008	(6)	(622)	52	2,230

II. Dividend Information

(Record date)	Dividend per share (Yen)			Total Annual Dividends (Million Yen)	Dividend Payout Ratio (Consolidated, %)	Dividend on Equity Ratio (Consolidated, %)
	Interim	Year-end	Annual			
Fiscal year ended May 31, 2009	–	6.00	6.00	267	50.7	1.9
Fiscal year ended May 31, 2008	–	6.00	6.00	264	258.6	2.0
Fiscal year ending May 31, 2010 (Forecast)	–	6.00	6.00		–	

III. Full Year Consolidated Forecast (June 1, 2008 - May 31, 2009)

(In millions of yen, except where noted; Percentage figures show year-on-year growth for the full year and growth compared to the same period the previous year for the first half.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First half	14,000	(12.9)%	(100)	–	(100)	–	(200)	–	(4.53)
Full year	35,000	5.3%	1,300	(6.9)%	1,200	(5.3)%	600	482.2%	13.59

IV. Other

- Transfers of major subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): Yes

Number of new included companies: 1 (Toyo Denki USA, Inc.)

Note: Please refer to “2. Overview of the Group” on page 6 for details.

- Changes in accounting principles, procedures and methods of presentation relating to the preparation of consolidated financial statements (Recorded under Changes in Significant Accounting Policies Relating to the Consolidated Financial Statements)

(a) Changes accompanying amendments to accounting standards: Yes

(b) Changes other than those in (a): None

Note: Please refer to Changes to Significant Accounting Policies Relating to the Consolidated Financial Statements on page 13 for details.

- Number of shares issued and outstanding (Ordinary shares)

(a) Number of shares issued and outstanding at end of fiscal year (including treasury stock)

Year ended May 31, 2009: 46,575,000 shares

Year ended May 31, 2008: 46,575,000 shares

(b) Number of shares of treasury stock issued and outstanding at end of fiscal year

Year ended May 31, 2009: 2,436,548 shares

Year ended May 31, 2008: 2,072,491 shares

Note: Please refer to Per Share Information on page 18 for the number of shares used in the computation of consolidated net income per share.

(Reference) Summary of Non-Consolidated Business Results

I. Non-Consolidated Business Results for the Fiscal Year Ended May 31, 2009

(June 1, 2008 – May 31, 2009)

1. Non-Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year growth.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal year ended May 31, 2009	28,129	(12.9)%	793	151.3%	1,008	157.0%	194	(3.2)%
Fiscal year ended May 31, 2008	32,283	5.0%	315	(70.6)%	392	(70.6)%	200	–

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Fiscal year ended May 31, 2009	4.38	–
Fiscal year ended May 31, 2008	4.46	–

2. Non-Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal year ended May 31, 2009	30,107	9,996	33.2	226.48
Fiscal year ended May 31, 2008	31,969	10,933	34.2	245.68

Reference: Shareholders' equity for: Fiscal year ended May 31, 2009: 9,996 million yen
Fiscal year ended May 31, 2008: 10,933 million yen

II. Full Year Non-Consolidated Forecast (June 1, 2008 - May 31, 2009)

(In millions of yen, except where noted; Percentage figures show year-on-year growth for the full year and growth compared to the same period the previous year for the first half.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
First half	12,000	10.4%	(200)	–	50	(92.5)%	–	100.0	0
Full year	29,000	3.1%	900	13.5%	1,100	(9.1)%	600	208.5%	13.59

Disclaimer

The forecasts of business results presented in this document are based on management assumptions and beliefs in light of currently available information. Toyo Denki Seizo K.K. cautions readers that due to a variety of factors actual results could differ materially from forecasts. Please refer to "1. Results of Operations" on page 4 for details relating to operating results forecasts.

V. Qualitative Information, Financial Statements

1. Results of Operation

(1) Analysis of Results of Operations

a. Results of Operations

In fiscal 2008, the fiscal year ended May 31, 2009, economic conditions in Japan were extremely harsh. This was attributable to a variety of factors including the sub-prime loan problem in the United States, which triggered a worldwide financial crisis and subsequent downturn in the global economy. This difficult operating environment was exacerbated by the substantial contraction in corporate sector production activity, impacted by the sharp and dramatic appreciation in the value of the yen from October 2008, and such other factors as the abrupt slump in capital investment.

In response to these economic conditions, the Toyo Denki Group worked to expand its operations and increase its corporate value through the execution of its medium-term management plan, the Innovation 90 Plan. Performance during the fiscal year under review was as follows.

- ◆ Orders received amounted to 36,464 million yen, a decrease of 6.2% compared with the previous fiscal year. Despite an upswing in the Transportation Business segment, this downturn largely reflected the substantial drop in Industrial Systems segment orders.
- ◆ Net sales totaled 33,226 million yen, 12.9% lower than the level recorded in the previous fiscal year. While sales in the Transportation Business segment were essentially unchanged year on year, results in each of the Industrial Systems and Information Systems segments declined compared with the fiscal year ended May 31, 2008.
- ◆ From a profit perspective, gross profit margins improved throughout the fiscal year under review. Despite the year-on-year decline in net sales, operating income accordingly edged up 0.4% compared with the previous fiscal year to 1,396 million yen while ordinary income climbed 5.9% year on year to 1,267 million yen. Accounting for such factors as the loss on devaluation of investment securities, however, the Toyo Denki Group reported a net loss of 103 million yen, a drop of 80.7% compared with the previous fiscal year.

Results by business segment are provided as follows.

Transportation Business Segment

Throughout the fiscal year ended May 31, 2009, orders received both in Japan and overseas remained firm. As a result, the amount of orders received in the Transportation Business segment in fiscal 2008 rose 11.0% compared with the previous fiscal year to 24,353 million yen. Segment net sales, on the other hand, were 19,122 million yen, a decrease of 3.3% year on year.

Industrial Systems Segment

Orders received in the Industrial Systems segment totaled 10,036 million yen. This 31.4% year-on-year decline was mainly attributable to the slump in domestic corporate sector capital investment. For the same reasons as the drop in orders received, segment net sales contracted 22.0% compared with the previous fiscal year to 12,399 million yen.

Information Systems Segment

As contributions from IC card-compatible equipment relating particularly to railway station operations settled, orders received in the Information Systems segment decreased 10.6% compared with the previous fiscal year to 2,073 million yen. Mirroring trends in orders received, net sales in this segment also declined 30.3% year on year to 1,704 million yen.

b. Outlook for Next Fiscal Year

While there are increased signs that the financial crisis-induced recession has bottomed out, difficult operating conditions are anticipated to persist into the future. On a positive note, however, railway-related infrastructure investment around the world is projected to increase markedly.

Under these circumstances, the Toyo Denki Group has formulated its new medium-term management plan, the "Challenge Up Plan," which commences this fiscal year, the fiscal year ending May 31, 2010. Under this plan, the Group will work diligently to further strengthen its management foundation while at the same time enhancing its corporate value.

Consolidated forecasts by business segment for the fiscal year ending May 31, 2010 are as follows.

	Net sales (million yen)	Operating income (million yen)
Transportation Business Segment	22,500	1,650
Industrial Systems Segment	10,000	(300)
Information Systems Segment	2,200	50
New Businesses	300	(100)
Consolidated total	35,000	1,300

Reference

Non-consolidated forecasts by business segment for the fiscal year ending May 31, 2010 are as follows.

	Net sales (million yen)	Operating income (million yen)
Transportation Business Segment	19,000	1,200
Industrial Systems Segment	7,700	(250)
Information Systems Segment	2,000	50
New Businesses	300	(100)
Non-consolidated total	29,000	900

Note: The aforementioned forecasts of business results are based on management assumptions and beliefs in light of currently available information. Toyo Denki cautions readers that due to a variety of factors actual results could differ materially from forecasts.

(2) Analysis of Financial Position

(Status of Assets, Liabilities and Net Assets)

Total assets as of May 31, 2009 stood at 32,780 million yen, a decrease of 2,590 million yen compared with the end of the previous fiscal year. Principal components were cash and cash equivalents as well as inventory, which climbed 737 million yen and 1,395 million yen, respectively, year on year, and notes and accounts receivable - trade as well as investment securities, which declined 3,579 million yen and 1,410 million yen, respectively, compared with May 31, 2008.

Total liabilities were 20,316 million yen as of the end of the fiscal year under review, down 1,325 million yen year on year. Major movements included such interest-bearing liabilities as short-term borrowings, current portion of corporate bonds, corporate bonds and long-term borrowings, which collectively increased 856 million yen compared with the previous fiscal year end and notes and accounts payable - trade, which contracted 1,066 million yen.

As of May 31, 2009, net assets stood at 12,464 million yen, a decrease of 1,264 million yen compared with the end of the previous fiscal year. Primary components were retained earnings, which declined 248 million yen year on year and differences in evaluation of other marketable securities, which fell 850 million yen.

(Status of Cash Flows)

The balance of consolidated cash and cash equivalents as of May 31, 2009 stood at 2,967 million yen, up 737 million yen compared with the end of the previous fiscal year. This was attributable to a variety of factors including an upswing of 76 million yen due to the inclusion of Toyo Denki USA, Inc. within the Company's scope of consolidation.

Net cash provided by operating activities amounted to 1,760 million yen. Major cash outflows were the increase in inventory and the decrease in notes and accounts payable - trade. Principal cash inflow was net income before taxes.

Net cash used in investing activities was 1,555 million yen. The main components were funds used for the purchase of tangible fixed assets and funds used for the purchase of investment securities.

Net cash provided by financing activities totaled 459 million yen. In the fiscal year under review, the Toyo Denki Group undertook payments for the acquisition of treasury stock. Funds were also directed toward cash dividends paid. Principal financing cash inflows, on the other hand, comprised net increase in corporate bonds and net increase in long-term borrowings.

Trends in cash flow indices are as follows.

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Shareholders' equity ratio (%)	41.0	45.0	41.3	38.8	38.0
Shareholders' equity ratio based on market capitalization (%)	61.1	110.1	56.3	41.3	80.8
Ratio of interest-bearing liabilities to cash flows (Times)	1.6	-	2.0	-	3.6
Interest coverage ratio (Times)	31.1	-	20.8	-	13.0

Notes:

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

- Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities / Cash flows
 - Interest coverage ratio: Cash flows / Interest payments
1. Indices are calculated based on consolidated financial data.
 2. Market capitalization is calculated by multiplying the period-end closing share price with the number of shares issued and outstanding as of the period-end (after deducting treasury stock).
 3. Cash flows from operating activities are used in calculations that use cash flows.
 4. Interest-bearing liabilities include all interest-bearing liabilities under liabilities recorded on the consolidated balance sheet.
 5. In each period where cash flows from operating activities is negative, ration of interest-bearing liabilities to cash flows and interest coverage ratio data is not recorded.

(3) Fundamental Policy concerning Distribution of Surplus and Dividend for the Fiscal Year under Review and the Next Fiscal Year

The maintenance of stable dividends forms the basis of Toyo Denki's distribution of profit. The Company applies internal reserves to strengthen its financial position in addition to making strategic allocations to such areas as research and development, capital expenditure and overseas expansion, with the aims of growing its business and strengthening its management foundation in the future.

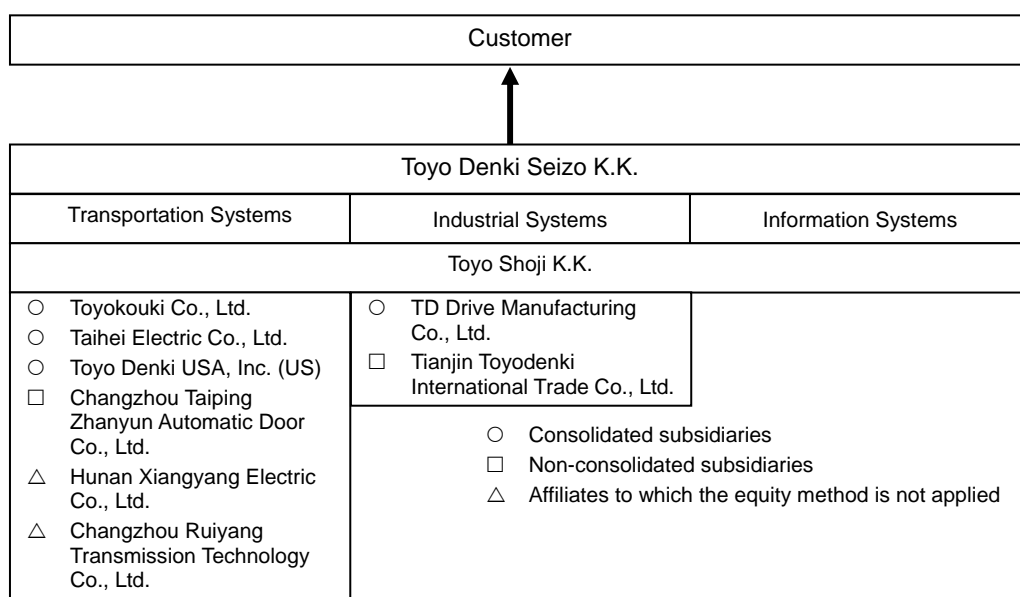
Dividends for the current fiscal year remained at six yen per share, unchanged from the previous term. The Company intends to maintain dividends at six yen per share or more from the fiscal year ending May 31, 2010 onward.

Toyo Denki will continue seeking to expand its operations and strengthen its management foundation as it strives to achieve a stable dividend.

2. Overview of the Group

The Toyo Denki Group is composed of Toyo Denki, eight subsidiaries and two affiliated companies. The Group is engaged in the manufacture and sale of electrical equipment for transportation, industrial and information systems as well as incidental projects.

The organization and position of companies within the Toyo Denki Group together with business flows are presented as follows.



3. Management Policies

(1) Basic Management Policies of the Company

Fiscal 2008, the fiscal year ended May 31, 2009, is a significant milestone for Toyo Denki. It marks the 90th year since the Company's foundation and also the final year of the Innovation 90 Plan, the Toyo Denki Group's medium-term management plan. For nine decades and more recently under the aforementioned medium-term management plan, the Toyo Denki Group has worked diligently to cultivate a continuous stream of customers and to further enhance Group corporate value.

Taking into consideration both the achievements and outstanding issues of the Innovation 90 Plan, the Toyo Denki Group has formulated the "Challenge Up Plan," a roadmap for the three-year period through to the fiscal year ending May 31, 2012. Under this plan, the Group will take up the challenge of realizing its long-term vision.

(Long-Term Vision)

- Drawing on the core electric motor drive technology that the Group has amassed since its foundation, the Toyo Denki Group is committed to realizing next-generation high-speed railroads and a recycling-based society, by fusing highly sophisticated information-oriented machines and electronics.
- Net sales: 100 billion yen

(2) Management Targets

Under its new medium-term management plan, which is scheduled to conclude in the fiscal year ending May 31, 2012, the Toyo Denki Group has set the following key management targets.

Net sales:	42 billion yen
Operating income (margin):	3 billion yen (7.2%)
Ratio of overseas sales to total sales:	30%
Return on equity (ROE):	10%
Experimental and research expenses:	1.2 billion yen
Capital investment (IT investment):	1.2 billion yen (0.3 billion yen)
Number of employees:	1,100

(3) Medium- and Long-Term Management Strategies and Pending Issues

The key policies of the Challenge Up Plan, the Toyo Denki Group's new medium-term management plan, are as follows.

- Further increase Group corporate value
 - Take full advantage of business alliances
 - Place every emphasis on promoting a consolidated operating division system
 - Thoroughly implement cash flow management
- Fortify the Group's efforts toward overseas expansion
 - Focus on the Chinese and North American markets
 - Strengthen operating platforms in the Indian and Russian markets
- Generate new businesses
 - Enter electrical product and equipment markets targeting environmentally friendly rail vehicles
- Develop new products
 - Develop specific products that contribute to the creation and maintenance of a low-carbon society
 - Develop services that utilize IT technologies
- Bolster CSR activities
 - Formulate a Group-wide Environmental Philosophy as a platform for increased activity and effort aimed at protecting the global environment
- Establish and promote a dynamic corporate culture
 - Continue to implement 5S activities — *Seiri* (Sort); *Seiton* (Set in order); *Seiso* (Shine); *Seiketsu* (Standardize); *Shitsuke* (Sustain / Self-discipline) — and improve the environment of each workplace
 - Reform and upgrade human resource education and training systems

Underpinned by these key basic policies, the Toyo Denki Group will work diligently to improve its overall performance and corporate value by steadily implementing a wide spectrum of initiatives.

The Japan Fair Trade Commission examined the participants, including Toyo Denki Seizo K.K., in the bidding for designated electrical equipment construction ordered by the City of Sapporo in Hokkaido in accordance with provisions of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and issued cease and desist as well as surcharge payment orders on October 29, 2008. Following determination of the aforementioned orders, the Company received a business suspension order, based on the Construction Industry Act of Japan, from Japan's Ministry of Land, Infrastructure, Transport and Tourism on March 18, 2009. Under this order, Toyo Denki was suspended from engaging in electric works in the Hokkaido region during the period from April 2, 2009 to April 16, 2009.

The entire Toyo Denki Group gravely accepts this reprimand taking its purport and effect with the utmost seriousness. Looking ahead, the Group is committed to again reviewing its compliance structure and systems while at the same time raising employee awareness toward strict adherence to all laws and regulations. Through these means, the Toyo Denki Group will endeavor to restore its credibility and again engender the trust of all stakeholders.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen, %)

	End of Previous Fiscal Year (As of May 31, 2008)	End of Fiscal Year under Review (As of May 31, 2009)
(Assets)		
Current assets		
Cash and cash equivalents	2,230	2,967
Notes and accounts receivable - trade	11,968	8,389
Inventory	6,530	–
Products and finished goods	–	2,327
Work in process	–	3,583
Raw materials and stored goods	–	2,014
Advances	174	197
Other accounts receivable	84	52
Deferred tax assets	682	655
Other	83	68
Allowance for doubtful accounts	(49)	(51)
Total current assets	21,705	20,205
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,542	4,609
Accumulated depreciation	(3,225)	(3,350)
Buildings and structures	1,317	1,258
Machinery and equipment	5,521	5,589
Accumulated depreciation	(3,990)	(4,222)
Machinery and equipment	1,531	1,367
Land	289	289
Construction work in progress	124	392
Other	2,086	2,153
Accumulated depreciation	(1,632)	(1,768)
Other	453	384
Total tangible fixed assets	3,716	3,692
Intangible fixed assets		
Software	131	207
Other	35	36
Total intangible fixed assets	166	244
Investments and other fixed assets		
Investment securities	7,754	6,343
Deferred tax assets	677	951
Other	1,377	1,404
Allowance for doubtful accounts	(26)	(60)
Total investments and other fixed assets	9,782	8,638
Total fixed assets	13,665	12,575
Total assets	35,371	32,780

(Millions of yen, %)

	End of Previous Fiscal Year (As of May 31, 2008)	End of Fiscal Year under Review (As of May 31, 2009)
(Liabilities)		
Current liabilities		
Notes and accounts payable — trade	6,382	5,315
Short-term borrowings	4,460	4,161
Current portion of corporate bonds	130	200
Income taxes payable	244	239
Consumption and other taxes payable	244	159
Accrued expenses	3,638	2,752
Advances received	336	528
Deposits received	212	256
Reserve for employees' bonuses	886	837
Reserve for directors' bonuses	12	15
Reserve for order losses	127	327
Other	520	394
Total current liabilities	17,196	15,188
Long-term liabilities		
Corporate bonds	280	680
Long-term borrowings	635	1,320
Reserve for employees' retirement benefits	2,884	2,838
Reserve for directors' retirement benefits	182	141
Accrued liabilities at the time of transfer to a defined contribution pension plan	316	—
Long-term payables	147	147
Total long-term liabilities	4,445	5,127
Total liabilities	21,641	20,316
(Net assets)		
Shareholders' equity		
Common stock	4,482	4,482
Capital surplus	2,661	2,661
Retained earnings	5,910	5,661
Treasury stock	(685)	(818)
Total shareholders' equity	12,369	11,987
Evaluation and foreign currency translation adjustments		
Differences in evaluation of other marketable securities	1,359	509
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment account	—	(32)
Total evaluation and foreign currency translation adjustments	1,360	476
Total net assets	13,729	12,464
Total net assets and liabilities	35,371	32,780

(2) Consolidated Statement of Income

(Millions of yen)

	Previous Fiscal Year (Jun. 1, 2007 to May 31, 2008)	Fiscal Year under Review (Jun. 1, 2008 to May 31, 2009)
Net sales	38,130	33,226
Cost of sales	30,304	25,412
Gross profit	7,825	7,814
Selling, general and administrative expenses	6,434	6,417
Operating income	1,391	1,396
Non-operating income		
Interest received	0	2
Dividends received	96	96
Miscellaneous income	59	65
Life insurance dividend income	7	–
Total non-operating income	163	164
Non-operating expenses		
Interest expenses	136	141
Miscellaneous expenses	30	37
Loss on foreign currency exchange	98	89
Loss on disposal of inventory	16	–
Loss on devaluation of inventory	31	–
Loss on disposal of fixed assets	44	24
Loss on foreign currency exchange	357	292
Ordinary income	1,197	1,267
Extraordinary income		
Gain on sale of investment securities	102	–
Gain on sale of golf club membership	7	–
Total extraordinary income	109	–
Extraordinary losses		
Loss on devaluation of investment securities	32	282
Provision for allowance for directors' retirement benefits	125	–
Loss on devaluation of equity investment in affiliated companies	–	39
Surcharge payment	–	124
Total extraordinary expenses	157	446
Net income before taxes	1,149	821
Corporate, local and enterprise taxes	552	507
Prior-year corporate, local and enterprise taxes	35	–
Corporate tax adjustments, etc.	29	210
Total taxes	616	718
Net income	532	103

(3) Consolidated Statement of Change in Shareholders' Equity

(Millions of yen)

	Previous Fiscal Year (Jun. 1, 2007 to May 31, 2008)	Fiscal Year under Review (Jun. 1, 2008 to May 31, 2009)
Shareholders' equity		
Common stock		
Balance as of the end of the previous fiscal period	4,482	4,482
Balance as of the end of fiscal period under review	4,482	4,482
Capital surplus		
Balance as of the end of the previous fiscal period	2,661	2,661
Balance as of the end of fiscal period under review	2,661	2,661
Retained earnings		
Balance as of the end of the previous fiscal period	5,649	5,910
Change during fiscal year		
Distribution of retained earnings	(272)	(267)
Change in the scope of consolidation	–	(84)
Net income	532	103
Total change during fiscal year	260	(248)
Balance as of the end of fiscal period under review	5,910	5,661
Treasury stock		
Balance as of the end of the previous fiscal period	(376)	(685)
Change during fiscal year		
Acquisition off treasury stock	(309)	(133)
Total change during fiscal year	(309)	(133)
Balance as of the end of fiscal period under review	(685)	(818)
Total shareholders' equity		
Balance as of the end of the previous fiscal period	12,418	12,369
Change during fiscal year		
Distribution of retained earnings	(272)	(267)
Change in the scope of consolidation	–	(84)
Net income	532	103
Acquisition off treasury stock	(309)	(133)
Total change during fiscal year	(49)	(381)
Balance as of the end of fiscal period under review	12,369	11,987

(Millions of yen)

	Previous Fiscal Year (Jun. 1, 2007 to May 31, 2008)	Fiscal Year under Review (Jun. 1, 2008 to May 31, 2009)
Evaluation and foreign currency translation adjustments		
Difference in evaluation of other marketable securities		
Balance as of the end of the previous fiscal period	2,333	1,359
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(973)	(850)
Total change during fiscal year	(973)	(850)
Balance as of the end of fiscal period under review	1,359	509
Deferred gains (losses) hedges		
Balance as of the end of the previous fiscal period	2	0
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(1)	(0)
Total change during fiscal year	(1)	(0)
Balance as of the end of fiscal period under review	0	–
Foreign currency translation adjustment account		
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	–	(32)
Total change during fiscal year	–	(32)
Balance as of the end of fiscal period under review	–	(32)
Total evaluation and foreign currency translation adjustments		
Balance as of the end of the previous fiscal period	2,335	1,360
Change during fiscal year		
Net change in items other than shareholders' equity during fiscal year	(975)	(883)
Total change during fiscal year	(975)	(883)
Balance as of the end of fiscal period under review	1,360	476
Total net assets		
Balance as of the end of the previous fiscal period	14,754	13,729
Change during fiscal year		
Distribution of retained earnings	(272)	(267)
Change in the scope of consolidation	–	(84)
Net income	532	103
Acquisition off treasury stock	(309)	(133)
Net change in items other than shareholders' equity during fiscal year	(975)	(883)
Total change during fiscal year	(1,024)	(1,264)
Balance as of the end of fiscal period under review	13,729	12,464

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous Fiscal Year (Jun. 1, 2007 to May 31, 2008)	Fiscal Year under Review (Jun. 1, 2008 to May 31, 2009)
Cash flows from operating activities		
Net income before taxes	1,149	821
Depreciation expenses	730	957
Increase (decrease) in allowance for doubtful accounts	24	35
Increase (decrease) in reserve for employees' bonuses	(53)	(49)
Increase (decrease) in reserve for employees' retirement benefits	204	(45)
Increase (decrease) in reserve for directors' retirement benefits	163	(37)
Interest and dividend income	(97)	(98)
Interest expenses	136	138
Loss on devaluation of investment securities	32	282
(Gain) loss on sale of investment securities	(102)	–
Decrease (increase) in notes and accounts receivable - trade	(2,128)	3,563
Decrease (increase) in inventory	789	(1,393)
Increase (decrease) in notes and accounts payable - trade	(330)	(1,066)
Increase (decrease) in accrued liabilities at time of transfer to defined contribution pension plan	(392)	(316)
Increase (decrease) in reserve for order losses	127	199
Other	317	(684)
Subtotal	572	2,306
Interest and dividend income received	97	98
Interest paid	(133)	(135)
(Payments for) refund of corporate and other taxes	(509)	(510)
(Payments for) refund of previous fiscal periods corporate and other taxes	(33)	–
Net cash used in operating activities	(6)	1,760
Cash flows from investing activities		
Funds used for the purchase of tangible fixed assets	(791)	(1,010)
Funds used for the purchase of investment securities	8	3
Funds used for the purchase of investment securities	(6)	(399)
Funds provided by sale of investment securities	162	–
Other outflows	(52)	(22)
Other inflows	128	13
Other	(72)	(140)
Cash flows from investing activities	(622)	(1,555)

(Millions of yen)

	Previous Fiscal Year (Jun. 1, 2007 to May 31, 2008)	Fiscal Year under Review (Jun. 1, 2008 to May 31, 2009)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	697
Repayments of long-term borrowings	800	1,150
Redemption of bonds	(380)	(1,460)
Payment for the acquisition of treasury stock	393	600
Redemption of bonds	(180)	(130)
Payment for the acquisition of treasury stock	(309)	(133)
Cash dividends paid	(271)	(265)
Net cash provided by financing activities	52	459
Effect of exchange rate changes on cash and cash equivalents	–	(4)
Increase (decrease) in cash and cash equivalents	(575)	660
Balance of cash and cash equivalents at the beginning of the period	2,806	2,230
Increase (decrease) in cash and cash equivalents due to changes in the scope of consolidation	–	76
Balance of cash and cash equivalents at the end of the period	2,230	2,967