

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOSHIBA MACHINE CO., LTD. AND CONSOLIDATED SUBSIDIARIES

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of Toshiba Machine Co., Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

The consolidated balance sheets, statements of income, changes in net assets and cash flows incorporate certain reclassifications and rearrangements in order to present these statements in forms which are more familiar to readers of these statements outside of Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

2. Summary of Significant Accounting Policies

(a) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries (together the "Companies"). Certain immaterial subsidiaries are not consolidated, but stated at cost.

All significant intercompany transactions and accounts and unrealized intercompany profits among consolidated entities are eliminated in consolidation.

The cost in excess of underlying interest in net assets of consolidated subsidiaries at the time of acquisition, which is included in intangible assets of the accompanying consolidated balance sheets, is deferred and amortized within the five-year period.

Investments in affiliates (15 to 50 percent-owned companies) in which the ability to exercise

significant influence exist, except immaterial investments, are accounted for using the equity method.

Immaterial investments in affiliates are stated at cost.

(b) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance-sheet dates except for those perfectly hedged by forward contracts, which are translated using the contracted rate.

The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by foreign exchange derivatives.

All assets and liabilities of foreign consolidated subsidiaries are translated at the current rates at the respective balance sheet dates and all income and expense accounts are translated at the current rates at end of the term. The components of shareholders' equity are translated at their historical exchange rates.

(c) Securities

Securities owned by the Companies have been classified into two categories, held-to-maturity debt securities and other securities, in accordance with the accounting standard for financial instruments.

Held-to-maturity debt securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized gain or loss, net of income taxes, directly included in net assets.

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(d) Inventories

Until the year ended March 31, 2008, inventories are stated at cost, determined by the specific identification method for finished products and work in process, and by the moving average method for raw materials and supplies.

Effective from the year ended March 31, 2009, inventories are stated at the lower of cost, determined by carrying amount on the balance sheet is stated by the devaluation method based on the decline in profitability, or their net realizable value.

(e) Allowance for doubtful receivables

The allowance for doubtful receivables is stated at the amount determined based on the default

ratio sustained over a specific period in the past and the estimated uncollectible amount determined based on the analysis of certain individual accounts, including probable bad debts and claims in bankruptcy.

This amount is considered sufficient to cover possible losses on collection.

(f) Warranty reserve

Warranty reserve has been provided for warranty costs to be incurred during the warranty period based on the historical experience.

(g) Employees bonuses

The bonuses to the employees are paid twice a year and accrued based on the estimated amounts incurred and to be paid in the subsequent period.

(h) Depreciation of property, plant and equipment (Excluding leased assets)

Depreciation of buildings is principally computed by the straight-line method and depreciation of other property, plant and equipment is computed by the declining balance method over the estimated useful lives of respective assets, principally ranging from 3 – 60 years for buildings and from 3 – 22 years for machinery, equipment and vehicle.

(Additional Information)

Effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries changed the estimated useful lives of machinery from 6 – 13 years to 4 – 9 years after reviewing the availability of these assets in conjunction with the revision of the Corporation Tax Law of Japan.

The effect of this change on operating income and income before income taxes and minority interests is immaterial for the year ended March 31, 2009.

(i) Amortization of intangible assets

Computer software held for internal use is amortized by the straight-line method over the relevant economic useful lives (5 years). The others including patent rights are computed by the straight-line method over the estimated useful lives of respective assets.

(j) Leased assets

Leased assets under finance lease transactions that do not transfer ownership to the lessee, are depreciated under the straight-line method over the lease term with no residual value.

However, finance lease transactions, commencing on or before March 31, 2008, that do not transfer ownership to the lessee, are accounted for as operating lease transactions.

(k) Derivative financial instruments

All derivatives are stated at fair value. Gains or losses arising from changes in fair value are charged or credited to income for the period in which they arise, except for derivatives that are designated as hedging instruments. Gains or losses arising from changes in fair value of the derivatives designated as hedging instruments, net of the applicable income taxes, are reported as a component of net assets.

(l) Income taxes

The Companies accrue current income taxes based on taxable income.

The Companies include many temporary difference items for financial reporting purpose which, in the case of expenses, are not currently deductible and in the case of income, are not currently taxable.

Income tax effects on such temporary differences between tax and financial reporting purposes are reflected as deferred income taxes in the consolidated financial statements using the asset and liability method.

(m) Employees' retirement benefits

Accrued employees' retirement benefits are provided based on the projected retirement benefit obligation and the fair value of plan assets at year-end.

The unrecognized transitional obligation is being amortized over 15 years. Actuarial gain or loss is amortized by the straight-line method over the average remaining years of service of employees.

Accrued employees' retirement benefits are provided based on the projected retirement benefit obligation and the fair value of plan assets at year-end.

The unrecognized transitional obligation is being amortized over 15 years. Actuarial gain or loss is amortized by the straight-line method over the average remaining years of service of employees.

(Additional Information)

Effective July 1, 2007, the Company and certain domestic consolidated subsidiaries amended their employees' retirement plans from a combination of lump-sum defined benefit plans and tax-qualified pension plans to a combination of lump-sum defined benefit plans, defined benefit plans and defined contribution plans. The Company and some of its consolidated subsidiaries applied the accounting treatment specified in the guidance issued by the Accounting Standards Board of Japan ("ASBJ").

The effect of this plan amendment decreased income before income taxes and minority interests by ¥3,708 million for the year ended March 31, 2008.

(n) Directors' retirement benefits

Domestic consolidated subsidiaries accrued an estimated amount calculated in accordance with its internal rule for retirement benefits for directors.

(Additional Information)

Previously, the Company had accrued an estimated amount calculated in accordance with its internal rule for retirement benefits for directors. However, At the ordinary general shareholders' meeting held on June 26, 2008, an approval was adopted regarding the severance payment to be made following the abolition of retirement benefit system for directors. Accordingly, the entire accrued amount of the provision of the payments, ¥123 million (\$1,252 thousand), was reversed, and is stated as long-term payable, other in the accompanying consolidated balance sheet as of March 31, 2009.

The change had no effect on operating income and income before income taxes and minority interests for the year ended March 31, 2009.

(o) Amounts per share of common stock

Net income (loss) per share is computed based on the weighted-average number of shares of common stock outstanding during a year.

Diluted net income per share is not presented since the Company has never issued any securities with a dilutive effect, such as bonds with warrants and convertible bonds. Cash dividends per share represent the actual amount declared as applicable to the respective years.

(p) Cash equivalents

In preparing the consolidated statement of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(q) Reclassifications

Certain accounts in the consolidated financial statements for the year ended March 31, 2008 have been reclassified to conform to the 2009 presentation.

3. U.S. Dollar Amounts

U.S. dollar amounts are included solely for the convenience of the readers and have been translated at the rate of ¥98.23=U.S.\$1, the approximate exchange rate prevailing in the Japanese foreign exchange market on March 31, 2009. This translation should not be construed as a representation that the yen amounts actually represent, have been, or could be converted into U.S. dollars.

4. Accounting Changes

(a) Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from the year ended March 31, 2009, the Company applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Statements" (ASBJ, Practical Issues Task Force No. 18, issued May 17, 2006), and necessary modifications have been made for consolidation.

The change had no effect on operating income and income before income taxes and minority interests for the year ended March 31, 2009.

(b) Accounting standard for measurement of inventories

Effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted the new accounting standard "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, issued July 5, 2006).

The Company and its domestic consolidated subsidiaries changed accounting policies to "Inventories are stated at the lower of cost, determined by the specific identification method for finished products and work in process, and by the moving average method for raw materials and supplies, or their net realizable value" from "Inventories are stated at cost, determined by the specific identification method for finished products and work in process, and by the moving average method for raw materials and supplies".

This change in accounting policy for measurement of inventories resulted in the decreases in operating income and income before income taxes and minority interests by ¥445 million (\$4,530 thousand) for the year ended March 31, 2009.

The effect of this change on segment information is explained in Note 20.

(c) Accounting standard for lease transactions

Effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted the amended "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, March 30, 2007; revised from the standard originally issued by the Corporate Accounting Council on June 17, 1993) and "Guidance on Accounting Standard for Lease Transaction" (ASBJ Guidance No.16, March 30 2007, revised from the standard originally issued by the Japanese Institute of Certified Public Accountants on January 18, 1994).

Previously, finance lease transactions that do not transfer ownership of the leased assets to the

lessee, were accounted for as operating lease transactions. Effective from the year ended March 31, 2009, such finance lease transactions are recognized as leased assets and leased obligations on the balance sheet. However, finance lease transactions, which do not transfer ownership of the leased assets to the lessee, commencing on or before March 31, 2008 continue to be accounted for as operating lease transactions.

This adoption of new standard had no effect on operating income and income before income taxes and minority interests for the year ended March 31, 2009.

(d) Changes in method of depreciation of property, plant and equipment

Effective from the year ended March 31, 2008, upon the amendment to the Corporation Tax Law of Japan, the Company and its domestic consolidated subsidiaries changed their method of depreciation to the depreciation method permitted under the Corporation Tax Law of Japan after amendment for property, plant and equipment acquired on or after April 1, 2007.

This change in the method of depreciation decreased operating income and income before income taxes and minority interests for the year ended March 31, 2008 by ¥63 million.

The effect of this change on segment information is explained in Note 20.

(Additional Information)

Upon the revision of the Corporation Tax Law of Japan, the Company and its domestic consolidated subsidiaries depreciate the residual value of the property, plant and equipment acquired on or before March 31, 2007 over 5 years by the straight-line method as permitted under the revision of Corporation Tax Law of Japan. The residual value has represented 5% of the acquisition cost of the asset under the previous Corporation Tax Law of Japan.

This change in depreciation for the residual value decreased operating income and income before income taxes and minority interests for the year ended March 31, 2008 by ¥284 million.

The effect of this change on segment information is explained in Note 20.

(e) Presentation of financial instruments in the balance sheet

Effective from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries adopted the amended “Business Indicator for the Financial Instruments Accounts”.

The Company and its domestic consolidated subsidiaries reclassified negotiable certificates of deposit from “Cash and time deposits” to “Marketable securities”.

The balances of negotiable certificates of deposit classified in “Marketable securities” at March 31, 2008 and classified in “Cash and time deposits” at March 31, 2007 were ¥17,500 million and ¥15,500 million, respectively.

(f) Amended auditing treatment for directors’ retirement benefits

Effective from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries adopted the amended “Auditing Treatment Relating to Reserve Defined under the Special Tax Measurement Law, Reserve Defined under the Special Law and Reserve for Director and Corporate Auditor Retirement Benefits” (Japanese Institute of Certified Public Accountants, Auditing and Assurance practice Committee, Report No.42, revised April 13, 2007). Until March 31, 2007, director and corporate auditor retirement benefits were expensed when paid. From the year ended March 31, 2008, however, those are accrued at the amount that would be required to be paid in accordance with the internal rule when all directors and corporate auditors retired at year end.

The effect of the adoption of this new standard on operating income and income before income taxes and minority interests for the year ended March 31, 2008 were ¥38 million and ¥201 million, respectively.

The effect of the adoption of this new standard on segment information is immaterial for the year ended March 31, 2008.

5. Securities

Information regarding marketable securities classified as other securities included in investment securities were as follows:

	Millions of yen					
	2009			2008		
	Acquisition cost	Carrying value	Unrealized gains	Acquisition cost	Carrying value	Unrealized gains
Equity securities	¥1,711	¥3,463	¥1,752	¥1,649	¥5,682	¥4,033
	¥1,711	¥3,463	¥1,752	¥1,649	¥5,682	¥4,033

	Thousands of U.S. dollars		
	2009		
	Acquisition cost	Carrying value	Unrealized gains
Equity securities	\$17,418	\$35,254	\$17,836
	\$17,418	\$35,254	\$17,836

Non-marketable securities classified as marketable securities primary consist of negotiable certificate of deposit of ¥11,500 million (\$117,072 thousand) and ¥17,500 million as of March 31, 2009 and 2008, respectively. Non-marketable equity securities as other securities primary consist of ¥179 million (\$1,822 thousand) and ¥193 million as of March 31, 2009 and 2008, respectively.

6. Property, Plant and Equipment

Property, plant and equipment at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Land	¥6,053	¥6,060	\$61,621
Buildings and structures	34,020	31,361	346,330
Machinery and equipment	30,357	28,968	309,040
Vehicles	498	534	5,070
Tools, furniture and fixtures	7,162	7,143	72,911
Lease assets	79	—	803
Construction in progress	317	605	3,227
	78,486	74,671	799,002
Less accumulated depreciation	(53,711)	(52,227)	(546,788)
	¥24,775	¥22,444	\$252,214

Depreciation expense for the years ended March 31, 2009 and 2008 were ¥2,561 million (\$26,071 thousand) and ¥2,170 million, respectively.

7. Short-term Bank Loans and Long-term Debt

The annual interest rates applicable to the short-term bank loans outstanding on March 31, 2009 and 2008 ranged principally from 1.19% to 4.54% and 1.28% to 6.38%, respectively. Long-term debt on March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Loans, principally from Japanese banks and insurance companies maturing 2010 – 2013, interest 1.42 % – 1.95 %	¥7,500	¥8,650	\$76,351
	7,500	8,650	76,351
Less current portion	—	8,650	—
	¥7,500	—	\$76,351

The aggregate annual maturities of long-term debt at March 31, 2009 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2010	—	—
2011	—	—
2012	¥700	\$7,126
2013	700	7,126
2014 and later	6,100	62,099
	¥7,500	\$76,351

The aggregate annual maturities of finance lease obligations at March 31, 2009 were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2010	¥11	\$112
2011	17	173
2012	17	173
2013	17	173
2014 and later	14	143
	¥76	\$774

8. Employees' Retirement Benefits

The severance indemnity regulations of the Company and certain subsidiaries provides for benefit payments based on the employees' current basic rate of pay and length of service.

The Company and certain subsidiaries have a non-contributory funded pension plan for employees. The Company and certain subsidiaries pay the full cost of the benefits to a trust bank which act as the trustees.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligation	¥14,641	¥14,688	\$149,048
Fair value of plan assets	(1,562)	(1,167)	(15,901)
Unfounded status	13,079	13,521	133,147
Unrecognized transitional obligation	(2,842)	(3,345)	(28,932)
Unrecognized actuarial loss	(1,057)	(866)	(10,761)
Accrued retirement benefits obligation	¥9,180	¥9,310	\$93,454

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost	¥797	¥850	\$8,114
Interest cost	235	270	2,392
Expected return on plan assets	(27)	(18)	(275)
Amortization of transitional obligation	502	571	5,111
Recognized actuarial loss	197	202	2,005
Others	174	118	1,771
	¥1,878	¥1,993	\$19,118

Certain consolidated subsidiaries have adopted the conventional method in calculating their projected benefit obligation.

Assumptions used in the accounting for the projected benefit obligation were as follows:

	2009	2008
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.0%	2.5%
Amortization period of transitional obligation	15 years	15 years
Amortization period of actuarial loss/gain	10 years	10 years

9. Contingent Liabilities

On March 31, 2009, contingent liabilities for loans guaranteed by the Company, principally on behalf of non-consolidated subsidiaries and affiliated companies, amounted to ¥861 million (\$8,765 thousand).

10. Leases

As described Note 4(c), the Company and its domestic consolidated subsidiaries adopted the amended "Accounting standard for lease transactions". However, finance leases of the Companies other than those where ownership of the leased assets is transferred to the lessee, commencing on or before March 31, 2008 continue to be accounted for as operating leases. The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2009 and 2008, which would have been reflected in the consolidated balance sheets if these arrangements had been accounted for as finance leases:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Acquisition Costs			
Machinery, equipment and vehicles	¥996	¥1,174	\$10,139
Tools, furniture and fixtures	895	1,437	9,111
Less-Accumulated depreciation	(1,264)	(1,607)	(12,867)
Net book value	¥627	¥1,004	\$6,383

Future lease payments (including the interest portion thereon) subsequent to March 31, 2009 for finance leases accounted for as operating leases were as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Due within one year	¥287	\$2,922
Due after one year	340	3,461
	¥627	\$6,383

Periodic lease charges, as a lessee, charged to income for the years ended March 31, 2009 and 2008 were ¥ 455 million (\$4,632 thousand) and ¥ 577 million, respectively. The pro forma amounts of depreciation for the years ended March 31, 2009 and 2008 would be calculated at ¥455 million (\$4,632 thousand) and ¥577 million by using the straight-line method over the lease term with no salvage value.

11. Derivative Financial Instruments

The Company has entered into derivative transactions (foreign exchange contract, interest rate swap and currency option transaction) in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rate and in interest rate. The Company doesn't hold or issue derivative financial instruments for the purpose of speculative trading. Derivative transactions are entered into by the Finance Department under the rules approved by the Board of Directors. Derivative transactions are inspected validity of the operation by the Corporate Auditing Office.

12. Pledged Assets

The following assets were pledged as collateral at March 31, 2009 to secure short-term bank loans amounting to ¥2 million (\$20 thousand). (See Note 7):

	Millions of yen	Thousands of U.S. dollars
Land	¥581	\$5,915
Machinery and equipment, net	272	2,769
Buildings, net	2,496	25,410
	¥3,349	\$34,093

13. Income Taxes

Income taxes in Japan applicable to the Companies generally comprise Corporation Tax, Enterprise Tax and Prefectural and Municipal Inhabitants Taxes. The statutory tax rates for the years ended March 31, 2009 and 2008 were approximately 39.7% and 39.8%, respectively.

The reconciliation between the statutory rate and effective tax rate of income taxes for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
Statutory tax rate	39.7 %	39.8 %
Per-capita portion of Inhabitant Tax	0.4	0.2
Permanently non-taxable revenue	2.1	0.8
Permanently non-deductible expenses	0.5	0.5
Unrealized intercompany profit on fixed assets	0.2	(0.0)
Change in valuation allowance	4.7	(8.0)
Difference in tax rates of consolidated subsidiaries	(1.9)	(1.4)
Other	0.6	0.3
Effective tax rate	46.3 %	32.2 %

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Accrued employees' bonuses	¥1,067	¥1,362	\$10,862
Allowance for doubtful receivables	143	54	1,456
Devaluation of inventories	163	106	1,659
Devaluation of securities	510	199	5,192
Accrued employees' retirement benefits	3,619	3,673	36,842
Amount not shifted to defined contribution pension plan	697	1,142	7,096
Unrealized intercompany profit on inventories	532	613	5,416
Enterprise tax payable	77	497	784
Other	1,262	1,218	12,847
Total deferred tax assets	¥8,070	¥8,864	\$82,154
Valuation allowance	(2,869)	(1,876)	(29,207)
Net deferred tax assets	¥5,201	¥6,988	\$52,947
Deferred tax liabilities:			
Deferral of gain on sale of fixed assets	(187)	(196)	(1,904)
Unrealized gain on securities	(746)	(1,563)	(7,594)
Gain on deferred hedging	(4)	(15)	(41)
Foreign consolidated subsidiaries' retained earning	(64)	—	(651)
Deferred tax liabilities	¥(1,001)	¥(1,774)	\$(10,190)
Net deferred tax assets (liabilities)	¥4,200	¥5,214	\$42,757

14. Cash and Cash Equivalents.

Reconciliation between cash and time deposits in the consolidated balance sheets and cash and cash equivalents in the statements of cash flows at March 31, 2009 and 2008 were presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash and time deposits	¥15,194	¥17,083	\$154,678
Marketable securities	11,500	17,500	117,072
Cash and cash equivalents	¥26,694	¥34,583	\$271,750

15. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Sales commission	¥1,804	¥2,352	\$18,365
Delivering expense	3,250	4,030	33,086
Reserve for warranty	83	8	845
Personal expense	11,136	11,145	113,367
Retirement allowance	639	691	6,505
Depreciation	683	632	6,953
Rent expense	877	918	8,928
Traveling expense	1,377	1,438	14,018
Research and development expense	1,046	1,251	10,648
Outside order expense	1,094	1,030	11,137
Others	3,605	4,685	36,699

16. Research and Development Costs

Research and development costs charged to income were ¥1,684 million (\$17,143 thousand) and ¥1,743 million for the years ended March 31, 2009 and 2008, respectively.

17. Shareholders' Equity.

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be distributed as distribution of additional paid in capital (other than the capital reserve) and retained earning (other than the legal reserve) be transferred to the capital reserve and legal reserve, respectively, until the sum of the capital reserve and legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

18. Related Party Transactions

During the years ended March 31, 2009 and 2008, the Company and its consolidated subsidiaries had operational transactions with Toshiba Corporation, a 22.1% and 21.4% shareholder of the Company and NuFlare Technology, Inc., a 25.6% affiliate of the Company.

A summary of the significant transactions with Toshiba Corporation for the years ended, March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
For the year:			
Sales of investment in affiliates	—	¥2,750	—
Payment of brand fee	¥249	209	\$2,535
	¥249	¥2,959	\$2,535

Note : Sales price was market price.
Brand fee rate was contracted beforehand.

A summary of the significant transactions with NuFlare Technology, Inc. for the years ended, March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
For the year:			
Rent income for land, buildings and structures	¥119	¥113	\$1,211
	¥119	¥113	\$1,211

Note : Rent price was market price.

19. Net Income and Net Assets per Share

Net income and net assets per share for the years ended March 31, 2009 and 2008 were as follows:

	Yen		U.S. dollars
	2009	2008	2009
Net income per share	¥34.18	¥86.79	\$0.35
Net assets per share	451.93	445.74	4.60

The information regarding diluted net income per share is omitted because of no diluted effect.

Basic information for calculation of net income per share was as follows:

	Thousands of shares	
	2009	2008
weighted-average number of shares of common stock	155,123	160,285

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net income	¥5,303	¥13,910	\$53,986
Net income not applicable to shareholders of common stock	—	—	—
Net income applicable to shareholders of common stock	¥5,303	¥13,910	\$53,986

Basic information for calculation of net assets per share was as follows:

	Thousands of shares		
	2009	2008	
Number of shares at year-end	152,042	157,050	
	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net assets	¥68,712	¥70,004	\$699,501
Minority interests in consolidated subsidiaries	—	—	—
Net assets applicable to shareholders of common stock	¥68,712	¥70,004	\$699,501

20. Segment Information

(A) Business Segment Information

The Companies' business is classified into the following three segments based on the similarities of type and nature of business:

Molding Machinery: Injection molding machines, Die casting machines, Plastic extrusion

Machine Tools: Large size machine tools, Portal type machine tools, Machining centers, Horizontal boring machines, High-precision machines

Other Products: Hydraulic equipment, Electronic controls

The tables below present sales, operating expenses and operating income information by business segment.

Year ended March 31, 2009	Millions of yen				
	Molding Machinery	Machine Tools	Other Products	Eliminations and/or corporate	Consolidated
Sales	¥64,375	¥38,791	¥22,497	¥(3,773)	¥121,890
Operating expenses	60,218	32,717	21,957	(4,538)	110,354
Operating income	4,157	6,074	540	765	11,536
Identifiable assets	60,630	32,193	31,594	8,317	132,734
Depreciation	946	386	1,229	—	2,561
Capital expenditure	1,387	2,538	1,625	—	5,550

Year ended March 31, 2008	Millions of yen				
	Molding Machinery	Machine Tools	Other Products	Eliminations and/or corporate	Consolidated
Sales	¥88,205	¥37,765	¥27,646	¥(4,837)	¥148,779
Operating expenses	77,778	31,502	25,400	(4,872)	129,808
Operating income	10,427	6,263	2,246	35	18,971
Identifiable assets	74,359	30,905	40,973	11,761	157,998
Depreciation	1,278	327	565	—	2,170
Capital expenditure	1,605	281	1,212	—	3,098

Year ended March 31, 2009

Thousands of U.S.dollars

	Molding Machinery	Machine Tools	Other Products	Eliminations and/or corporate	Consolidated
Sales	\$655,350	\$394,900	\$229,024	\$(38,411)	\$1,240,863
Operating expenses	613,031	333,065	223,526	(46,198)	1,123,424
Operating income	42,319	61,835	5,498	7,787	117,439
Identifiable assets	617,225	327,731	321,633	84,668	1,351,257
Depreciation	9,630	3,930	12,511	—	26,071
Capital expenditure	14,120	25,837	16,543	—	56,500

As described Note 4(b), the Company and its domestic subsidiaries adopted “Accounting Standard for Measurement of Inventories” effective from the year ended March 31, 2009. As a result, operating expenses increased by ¥183 million (\$1,863 thousand) in the Molding Machinery segment, ¥195 million (\$1,985 thousand) in the Machine Tools segment, and ¥67 million (\$682 thousand) in the Other Products segment. Operating income decreased by the same amounts accordingly.

As described Note 4(d) and Note 4(d) (Additional Information), the Company and its domestic subsidiaries changed their method of depreciation based on an amendment to the Corporation Tax Law of Japan for property, plant and equipment effective from the year ended March 31, 2008. As a result, operating expenses increased by ¥53 million in the Molding Machinery segment, ¥41 million in the Machine Tools segment, and ¥253 million in the Other Products segment. Operating income decreased by the same amounts accordingly.

(B) Geographic Segment Information

Geographic Segment Information of the Companies for the years ended March 31, 2009 and 2008 were as follows:

Year ended March 31, 2009

Millions of yen

	Japan	North America	Asia	Total	Eliminations	Consolidated
Net sales	¥114,723	¥9,664	¥13,193	¥137,580	¥(15,690)	¥121,890
Operating expenses	104,559	9,106	12,671	126,336	(15,982)	110,354
Operating income	10,164	558	522	11,244	292	11,536
Identifiable assets	109,831	5,705	8,506	124,042	8,692	132,734

Year ended March 31, 2008

Millions of yen

	Japan	North America	Asia	Total	Eliminations	Consolidated
Net sales	¥143,384	¥10,406	¥14,795	¥168,585	¥(19,806)	¥148,779
Operating expenses	125,803	9,904	13,587	149,294	(19,486)	129,808
Operating income	17,581	502	1,208	19,291	(320)	18,971
Identifiable assets	131,267	7,125	9,304	147,696	10,302	157,998

Year ended March 31, 2009

Thousands of U.S.dollars

	Japan	North America	Asia	Total	Eliminations	Consolidated
Net sales	\$1,167,902	\$98,381	\$134,307	\$1,400,590	\$(159,727)	\$1,240,863
Operating expenses	1,064,430	92,701	128,993	1,286,124	(162,700)	1,123,424
Operating income	103,472	5,680	5,314	114,466	2,973	117,439
Identifiable assets	1,118,100	58,078	86,593	1,262,771	88,486	1,351,257

As described Note 4(b), the Company and its domestic subsidiaries adopted “Accounting Standard for Measurement of Inventories” effective from the year ended March 31, 2009. As a result, operating expenses increased by ¥445 million (\$4,530 thousand) in the Japan segment, and operating income decreased by the same amount accordingly.

As described Note 4(d) and Note 4(d) (Additional Information), the Company and its domestic subsidiaries changed their method of depreciation based on an amendment to the Corporation Tax Law of Japan for property, plant and equipment effective from the year ended March 31, 2008. As a result, operating expenses increased by ¥347 million in the Japan segment. Operating income decreased by the same amounts accordingly.

(C) Sales to foreign customers

Sales to foreign customers for the years ended March 31, 2009 and 2008 were as follows:

Year ended March 31, 2009	Millions of yen			
	North America	Asia	Other	Total
Sales to foreign customers	¥12,972	¥36,239	¥3,199	¥52,410
Net sales	—	—	—	121,890
Ratio of Sales to foreign Customers (%)	10.6	29.8	2.6	43.0

Year ended March 31, 2008	Millions of yen			
	North America	Asia	Other	Total
Sales to foreign customers	¥16,422	¥43,889	¥6,845	¥67,156
Net sales	—	—	—	148,779
Ratio of Sales to foreign Customers (%)	11.0	29.5	4.6	45.1

Year ended March 31, 2009	Thousands of U.S.dollars			
	North America	Asia	Other	Total
Sales to foreign customers	\$132,057	\$368,920	\$32,567	\$533,544
Net sales	—	—	—	1,240,863
Ratio of Sales to foreign Customers (%)	10.6	29.8	2.6	43.0

21. Subsequent Event

Cash Dividends

The following appropriations of retained earnings, which have not been reflected in the accompanying financial statements for the year ended March 31, 2009, were approved at the meeting of the Board of Directors held on April 30, 2009:

Cash dividends (¥6.00 = \$0.06 per share) ¥912 million (\$9,284 thousand)