NEW JAPAN RADIO CO.,LTD.

Annual Report 2009

For the fiscal year 2008,ended March 31,2009

Management’s Disucussion and Analysis

[Overview of Performance]

During the current consolidated fiscal year, the Japanese economy weakened due to deteriorating business performance and employment conditions in the midst of the global recession triggered by US financial instability.

In the electronics industry, export, that was a leading force of growth, marked a sizable drop due to the global decline in demand.

Looking at our group, both Microwave Tubes and Radar Components division and Microwave Application Products division decreased as inventory adjustment by major customers. Our main Semiconductor Devices also decreased as dropping demand. Additionally, We applied the new accounting standard for measurement of Inventories. The effect of this change was to increase operating loss and loss before income taxes by ¥715 million.

As a result, performance in the current consolidated fiscal year remained sluggish.

Sales: ¥45,719 million (decrease of 24.4% compared to previous fiscal year)

Operating Loss: ¥4,364 million (operating income of ¥1,541 million in previous fiscal year)

Ordinary Loss: ¥4,531 (ordinary income of ¥1,042 million in previous fiscal year)

Current Net Loss: ¥2,781 (current net income of ¥434 million in previous fiscal year)

• **Semiconductor Devices**

<**Consolidated net sales: ¥38,218 million; sales mix ratio: 83.6%**>

In semiconductor products, sales declined across the board due to customers' cut in production. Commissioned products of NJR FUKUOKA CO., LTD. and Sales of outside products of NJR Trading Co., Ltd. had also weakened.

• **Microwave Application Products**

<**Consolidated net sales: ¥3,759 million, sales mix ratio: 8.2%**>

Sales of main component products for satellite communication decreased due to main customers' inventory adjustment. Meanwhile, component products for satellite broadcasting grew well.

• **Microwave Tubes and Radar Components**

<**Consolidated net sales: ¥3,742 million, sales mix ratio: 8.2%**>

Microwave tubes and Radar Components for government and public offices decreased their sales in large electron tube for major clients. For private sector, sales of electron tube decreased both Japan and abroad, despite sales of domestic radar devices increased.

New Japan Radio Co., Ltd. and Subsidiaries

Consolidated Balance Sheets as of March 31, 2009 and 2008, and Related Consolidated Statements of Operations, Changes in Equity, and Cash Flows for Each of the Three Years in the Period Ended March 31, 2009, and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Japan Radio Co., Ltd.:

We have audited the accompanying consolidated balance sheets of New Japan Radio Co., Ltd. (the "Company") and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended March 31, 2009, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Japan Radio Co., Ltd. and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2.g to the consolidated financial statements, the Company applied the new accounting standard for measurement of inventories effective April 1, 2008.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 22, 2009

New Japan Radio Co., Ltd. and Subsidiaries

Consolidated Balance Sheets
March 31, 2009 and 2008

ASSETS	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT ASSETS:			
Cash and cash equivalents	¥ 5,318	¥ 4,640	$ 54,141
Notes and accounts receivable:			
Trade notes	902	1,399	9,181
Trade accounts	8,215	13,193	83,634
Other	277	424	2,823
Allowance for doubtful accounts	(87)	(90)	(893)
Inventories (Note 4)	15,720	15,326	160,036
Deferred tax assets (Note 7)	567	1,000	5,770
Other current assets	247	254	2,510
Total current assets	31,159	36,146	317,202
PROPERTY, PLANT AND EQUIPMENT (Note 5):			
Land	225	232	2,293
Buildings and structures	25,482	25,770	259,416
Machinery and equipment	61,993	61,740	631,099
Furniture and fixtures	11,484	11,348	116,908
Lease assets	55		555
Construction in progress	163	440	1,662
Total	99,402	99,530	1,011,933
Accumulated depreciation	(86,613)	(84,689)	(881,737)
Net property, plant and equipment	12,789	14,841	130,196
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	1,485	2,708	15,116
Deferred tax assets (Note 7)	5,864	3,094	59,692
Other assets	1,197	1,317	12,189
Allowance for doubtful accounts	(32)	(29)	(321)
Total investments and other assets	8,514	7,090	86,676
TOTAL	¥52,462	¥58,077	$ 534,074

LIABILITIES AND EQUITY	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	¥13,148	¥ 8,853	$133,847
Current portion of long-term debt (Note 5)	269	171	2,742
Notes and accounts payable:			
Trade accounts	3,733	8,166	38,005
Construction and other	321	2,135	3,272
Income taxes payable	39	38	394
Accrued expenses	2,913	3,551	29,650
Other current liabilities	332	333	3,381
Total current liabilities	20,755	23,247	211,291
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	1,505	91	15,322
Liability for retirement benefits (Note 6)	8,578	8,937	87,324
Other long-term liabilities	307	279	3,128
Total long-term liabilities	10,390	9,307	105,774
CONTINGENT LIABILITIES (Notes 11 and 12)			
EQUITY (Notes 8 and 16):			
Common stock—authorized, 138,000,000 shares; issued, 39,131,000 shares in 2009 and 2008	5,220	5,220	53,141
Additional paid-in capital	5,224	5,224	53,180
Retained earnings	11,545	14,822	117,533
Net unrealized gain on available-for-sale securities	98	822	1,001
Deferred loss on derivatives under hedge accounting			(3)
Foreign currency translation adjustments	(767)	(562)	(7,811)
Treasury stock—at cost, 5,313 shares and 4,076 shares in 2009 and 2008	(3)	(3)	(32)
Total equity	21,317	25,523	217,009
TOTAL	¥52,462	¥58,077	$534,074

See notes to consolidated financial statements.

New Japan Radio Co., Ltd. and Subsidiaries

Consolidated Statements of Operations
Years Ended March 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2009	2008	2007	2009
NET SALES	¥45,719	¥60,443	¥60,726	$465,429
COST OF SALES (Note 9)	40,371	47,534	47,296	410,982
Gross profit	5,348	12,909	13,430	54,447
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	9,713	11,367	11,591	98,878
Operating income (loss)	(4,365)	1,542	1,839	(44,431)
OTHER INCOME (EXPENSES):				
Interest and dividend income	43	50	34	440
Interest expense	(151)	(119)	(90)	(1,541)
Foreign exchange losses	(258)	(631)	(67)	(2,624)
Reversal of liability for retirement benefits (Note 6)			993	
Loss on sales and disposals of property, plant and equipment	(62)	(132)	(70)	(631)
Gain on sales of waste	71	197	122	718
Employment adjustment subsidy	147			1,498
Other—net (Note 10)	(20)	16	(20)	(202)
Other income (expenses)—net	(230)	(619)	902	(2,342)
INCOME (LOSS) BEFORE INCOME TAXES	(4,595)	923	2,741	(46,773)
INCOME TAXES (Note 7):				
Current	33	238	947	337
Prior period		177		
Deferred	(1,846)	73	72	(18,789)
Total income taxes	(1,813)	488	1,019	(18,452)
NET INCOME (LOSS)	¥ (2,782)	¥ 435	¥ 1,722	$ (28,321)
	Yen			U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.r and 15):				
Basic net income (loss)	¥(71.10)	¥11.12	¥44.00	$(0.72)
Cash dividends applicable to the year	8.00	12.00	12.00	0.08

See notes to consolidated financial statements.

New Japan Radio Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2009, 2008 and 2007

	Thousands	Millions of Yen						
	Issued Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock—At Cost
BALANCE, APRIL 1, 2006	39,131	¥5,220	¥5,224	¥13,639	¥759		¥(506)	¥(2)
Net income				1,722				
Cash dividends, ¥12 per share				(470)				
Bonuses to directors				(35)				
Net increase in unrealized gain on available-for-sale securities					126			
Net increase in foreign currency translation adjustments							308	
Increase in treasury stock (250 shares)								
BALANCE, MARCH 31, 2007	39,131	5,220	5,224	14,856	885		(198)	(2)
Net income				435				
Cash dividends, ¥12 per share				(469)				
Net decrease in unrealized gain on available-for-sale securities					(63)			
Net decrease in foreign currency translation adjustments							(364)	
Increase in treasury stock (1,600 shares)								(1)
BALANCE, MARCH 31, 2008	39,131	5,220	5,224	14,822	822		(562)	(3)
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)				(25)				
Net loss				(2,782)				
Cash dividends, ¥8 per share				(470)				
Net decrease in unrealized gain on available-for-sale securities					(724)			
Deferred loss on derivatives under hedge accounting								
Net decrease in foreign currency translation adjustments							(205)	
Increase in treasury stock (1,237 shares)								
BALANCE, MARCH 31, 2009	39,131	¥5,220	¥5,224	¥11,545	¥ 98		¥(767)	¥(3)

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New Japan Radio Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2009, 2008 and 2007

	Thousands of U.S. Dollars (Note 1)						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock—At Cost
BALANCE, MARCH 31, 2008	$53,141	$53,180	$150,887	$8,365		$(5,719)	$(29)
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)			(253)				
Net loss			(28,321)				
Cash dividends, $0.08 per share			(4,780)				
Net decrease in unrealized gain on available-for-sale securities				(7,364)			
Deferred loss on derivatives under hedge accounting					$(3)		
Net decrease in foreign currency translation adjustments						(2,092)	
Increase in treasury stock (1,237 shares)							(3)
BALANCE, MARCH 31, 2009	$53,141	$53,180	$117,533	$1,001	$(3)	$(7,811)	$(32)

See notes to consolidated financial statements.

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New Japan Radio Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2009	2008	2007	2009
OPERATING ACTIVITIES:				
Income (loss) before income taxes	¥(4,595)	¥ 923	¥2,741	$(46,773)
Adjustments for:				
Income taxes paid		(1,102)	(660)	
Refund of taxes	31			318
Depreciation and amortization	4,490	4,737	3,897	45,708
Loss on sales and disposals of property, plant and equipment	62	132	70	631
Bonuses to directors			(35)	
Changes in assets and liabilities:				
Increase (decrease) in allowance for doubtful accounts	2	(1)	16	21
Decrease in liability for retirement benefits	(359)	(181)	(353)	(3,656)
Increase in interest payable	5	5	1	50
Decrease in notes and accounts receivable	5,322	390	387	54,183
Decrease (increase) in inventories	(504)	(685)	213	(5,131)
Increase (decrease) in notes and accounts payable	(4,277)	(1,050)	976	(43,542)
Other—net	(427)	(985)	93	(4,357)
Total adjustments	4,345	1,260	4,605	44,225
Net cash provided by (used in) operating activities	(250)	2,183	7,346	(2,548)
INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(3,961)	(4,076)	(2,948)	(40,319)
Proceeds from sales of property, plant and equipment	6	14	14	65
Purchases of investment securities	(2)	(2)	(2)	(16)
Collection of loans receivable	7	16	16	73
Other—net	(389)	(173)	(171)	(3,966)
Net cash used in investing activities	(4,339)	(4,221)	(3,091)	(44,163)
FINANCING ACTIVITIES:				
Net change in short-term bank loans	4,295	800	(1,636)	43,727
Proceeds from long-term debt	1,697			17,274
Repayments of long-term debt	(199)	(184)	(214)	(2,022)
Repurchase of treasury stock		(1)		(3)
Cash dividends paid	(469)	(469)	(469)	(4,773)
Other—net	(13)	(12)	(7)	(137)
Net cash provided by (used in) financing activities	5,311	134	(2,326)	54,066
FORWARD	¥ 722	¥(1,904)	¥1,929	$ 7,355

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New Japan Radio Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2009	2008	2007	2009
FORWARD	¥ 722	¥(1,904)	¥1,929	$ 7,355
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(44)	(33)	20	(450)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	678	(1,937)	1,949	6,905
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,640	6,577	4,628	47,236
CASH AND CASH EQUIVALENTS, END OF YEAR	¥5,318	¥ 4,640	¥6,577	$54,141

See notes to consolidated financial statements.

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

   The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

   In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 and 2007 consolidated financial statements to conform to the classifications used in 2009.

   The consolidated financial statements are stated in Japanese yen, the currency of the country in which New Japan Radio Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 to U.S.$1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

   a. ***Consolidation***—The consolidated financial statements as of March 31, 2009 include the accounts of the Company and all subsidiaries (together, the "Companies").

      Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

      All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

   b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill;

(b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (e) recording the prior years' effects of changes in accounting policies in the statements of operations where retrospective adjustments to financial statements have been incorporated; and (f) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The effect of this change was immaterial. In addition, the Company accounted for "Adjustment of retained earnings due to an adoption of PITF No. 18" on the consolidated statements of changes in equity by adjusting the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

c. *Cash and Cash Equivalents*—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits which mature within three months of the date of acquisition.

d. *Foreign Currency Transactions*—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of operations to the extent that they are not hedged by forward exchange contracts.

e. *Foreign Currency Financial Statements*—Financial statements of foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date for all balance sheet accounts except for equity, which are translated at the historical exchange rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

f. *Marketable and Investment Securities*—All marketable securities the Companies own are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. *Inventories*—Prior to April 1, 2008, merchandise and finished goods are stated at cost determined by the moving-average method. Raw materials are stated at cost determined by the average method. Work in process is stated at cost, determined by the average method, or using the specific identification method.

In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to increase operating loss and loss before income taxes by ¥715 million ($7,279 thousand).

h. ***Property, Plant and Equipment***—Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment of the Companies is computed by the declining-balance method at rates based upon the usage of the assets over the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998, and lease assets of the Company and its domestic subsidiaries.

Estimated useful lives are as follows:

Buildings and structures	2 to 60 years
Machinery and equipment	2 to 17 years
Furniture and fixtures	1 to 20 years

The useful lives for lease assets are the terms of the respective leases.

i. ***Long-lived Assets***—The Companies review its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. ***Other Assets***—Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method principally over 3 to 10 years for intangible assets.

k. ***Retirement Benefits***—Since April 1, 2007, the Company has a cash balance pension plan covering employees with 20 years or more of service, or employees retiring over the age of 55 with 15 years or more of service.

The Companies accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date.

The Company has provided an allowance for directors' and corporate auditors' retirement benefits calculated in accordance with the Company's rules and has included this amount in the liability for retirement benefits.

l. ***Allowance for Doubtful Accounts***—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

m. ***Bonuses to Directors and Corporate Auditors***—Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

n. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

o. ***Income Taxes***—The provision for income taxes is computed based upon pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to temporary differences.

The Companies file a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

p. ***Leases***—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

This change did not have any impact on results of operations of the Companies for the year ended March 31, 2009.

All other leases are accounted for as operating leases.

q. ***Derivative Financial Instruments***—The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign exchange rates. Foreign exchange forward contracts are utilized by the Companies to reduce foreign currency exchange rate risk. Derivative transactions entered into by the Companies have been made in accordance with internal policies which regulate the authorization and credit limit amount. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of operations and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign exchange forward contracts employed to hedge foreign exchange exposures for export sales are measured at the fair value and the unrealized gains/losses are recognized in income. The foreign exchange forward contracts applied for forecasted transactions are also measured at the fair value but the unrealized gains/losses are deferred until the underlying transactions are completed.

r. *Per Share Information*—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 39,126,349 shares, 39,127,908 shares and 39,128,768 shares for 2009, 2008 and 2007, respectively.

Diluted net income per share is not disclosed because it is anti-dilutive for the years ended March 31, 2009, 2008 and 2007 and because of the Company's net loss position for the year ended March 31, 2009.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

s. *New Accounting Pronouncements*

Asset Retirement Obligations—On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities at March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Non-current:			
Marketable equity securities	¥1,478	¥2,701	$15,045
Trust fund investments and other	7	7	71
Total	¥1,485	¥2,708	$15,116

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2009 and 2008, were as follows:

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—				
Equity securities	¥1,313	¥172	¥7	¥1,478
Total	¥1,313	¥172	¥7	¥1,478

	Millions of Yen			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—				
Equity securities	¥1,322	¥1,386	¥7	¥2,701
Total	¥1,322	¥1,386	¥7	¥2,701

	Thousands of U.S. Dollars			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—				
Equity securities	$13,365	$1,748	$68	$15,045
Total	$13,365	$1,748	$68	$15,045

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale—Equity securities	¥7	¥7	$71
Total	¥7	¥7	$71

Sales of marketable and investment securities at March 31, 2009, consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
The amount of sale	¥5	$52
The amount of a gain on sale	2	22

4. INVENTORIES

Inventories at March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Merchandise	¥ 105	¥ 56	$ 1,066
Finished goods	4,827	5,142	49,138
Work in process	8,362	7,950	85,128
Raw materials	1,426	1,083	14,522
Supplies	1,000	1,095	10,182
Total	¥15,720	¥15,326	$160,036

5. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2009 and 2008, consisted of notes to banks. The annual weighted average interest rates for short-term bank loans for the years ended March 31, 2009 and 2008, were 1.26 percent and 1.36 percent, respectively.

Long-term debt at March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Loans from banks and other financial institutions, due serially to 2014 with interest rates ranging from 1.37 to 5.97 percent (2009) and from 1.05 to 1.60 percent (2008):			
Collateralized	¥1,400	¥ 88	$14,252
Unsecured	344	174	3,504
Obligations under finance leases	30		308
Total	1,774	262	18,064
Less current portion	(269)	(171)	(2,742)
Long-term debt, less current portion	¥1,505	¥ 91	$15,322

Annual maturities of long-term debt outstanding at March 31, 2009, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 269	$ 2,742
2011	461	4,694
2012	408	4,153
2013	361	3,675
2014	275	2,800
Total	¥1,774	$18,064

The carrying amount of assets pledged as the above collateralized long-term debt at March 31, 2009, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property, plant and equipment—net of accumulated depreciation	¥4,251	$43,273

6. RETIREMENT BENEFITS

The Company and its domestic subsidiaries maintain pension plans for their employees. The plans provide for lump-sum payments to terminated employees who have two years or more of continuous service.

Since April 1, 2007, the Company had a cash balance pension plan covering employees with 20 years or more of service, or employees retiring over the age of 55 with 15 years or more of service.

Certain foreign subsidiaries have a contributory funded pension plan covering only employees who have one year or more continuous service.

Retirement allowances for employees are determined on the basis of length of service and current basic salary at the time of termination. If the termination is involuntary, the employee is usually entitled to greater payment than in the case of voluntary termination.

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	¥15,518	¥14,759	$157,977
Fair value of plan assets	(4,909)	(4,791)	(49,971)
Unrecognized actuarial loss	(2,304)	(1,314)	(23,456)
Net liability	¥ 8,305	¥ 8,654	$ 84,550

The components of net periodic benefit costs are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Service cost	¥ 822	¥ 835	¥873	$ 8,363
Interest cost	370	360	363	3,769
Expected return on plan assets	(158)	(119)	(87)	(1,609)
Amortization of prior service cost			(993)	
Recognized actuarial loss	146	105	108	1,490
Net periodic benefit costs	¥1,180	¥1,181	¥264	$12,013

Assumptions used for the years ended March 31, 2009 and 2008, are set forth as follows:

	2009	2008
Discount rate	2.0%	2.5%
Expected rate of return on plan assets	3.3%	2.5%
Recognition period of actuarial gain/loss	15 years	15 years
Amortization period of prior service cost	1 year	1 year

The liability for retirement benefits to directors and corporate auditors included in the accompanying consolidated balance sheets amounted to ¥273 million ($2,774 thousand) and ¥283 million at March 31, 2009 and 2008, respectively. Amounts payable to directors and corporate auditors upon retirement are subject to the approval of the shareholders.

7. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.4 percent for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and loss carryforwards which result in 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
Current			
Deferred tax assets:			
Inventories	¥ 54	¥ 152	$ 552
Accrued bonuses	472	793	4,807
Accrued enterprise tax	5	7	45
Others	125	159	1,269
Valuation allowance	(24)	(4)	(239)
Total	632	1,107	6,434
Deferred tax liabilities:			
Inventories	60	95	612
Others	5	12	52
Total	65	107	664
Net deferred tax assets	¥ 567	¥1,000	$ 5,770
Non-current			
Deferred tax assets:			
Liability for retirement benefits	¥3,471	¥3,597	$35,339
Tax loss carryforwards	2,667	208	27,149
Others	110	130	1,113
Valuation allowance	(312)	(228)	(3,169)
Total	5,936	3,707	60,432
Offset with deferred tax liabilities	(72)	(613)	(740)
Net deferred tax assets	¥5,864	¥3,094	$59,692
Deferred tax liabilities:			
Undistributed earnings of subsidiaries	¥ 6	¥ 54	$ 62
Unrealized gain on available-for-sale securities	66	559	678
Others		1	
Total	72	614	740
Offset with deferred tax assets	(72)	(613)	(740)
Net deferred tax liabilities		¥ 1	

The non-current net deferred tax liabilities are reflected in the consolidated balance sheets under "Other long-term liabilities."

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2009, 2008 and 2007, and the actual effective tax rate reflected in the accompanying consolidated statements of operations is as follows:

	2009	2008	2007
Normal effective statutory tax rate	40.4%	40.4%	40.4%
Taxation on per capita basis	(0.3)	1.6	0.6
Expenses not deductible for income tax purposes	0.4	6.3	(0.5)
Lower income tax rates applicable to income in certain foreign countries	1.3	(3.5)	0.4
Valuation allowance	(2.8)	8.7	1.3
Tax deduction of research and development		(3.5)	(5.6)
Others—net	0.5	2.9	0.6
Actual effective tax rate	39.5%	52.9%	37.2%

At March 31, 2009, the Companies have tax loss carryforwards aggregating approximately ¥6,921 million ($70,456 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 99	$ 1,004
2011	298	3,030
2012	83	847
2013	234	2,385
2014 and thereafter	6,207	63,190
Total	¥6,921	$70,456

8. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. *Dividends*

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. *Increases/Decreases and Transfer of Common Stock, Reserve and Surplus*

The Companies Act requires that an amount equal to 10 percent of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25 percent of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. *Treasury Stock and Treasury Stock Acquisition Rights*

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,834 million ($59,391 thousand), ¥6,098 million and ¥6,183 million for the years ended March 31, 2009, 2008 and 2007, respectively.

10. OTHER INCOME (EXPENSES)—OTHER—NET

Other income (expenses)—other—net consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Loss on damages	¥(69)	¥(30)	¥(92)	$(700)
Gain on sales of property, plant and equipment	4	8	10	36
Gain on sales of investment securities	2	4		22
Reversal of allowance for doubtful account		1		
Other—net	43	33	62	440
Total	¥(20)	¥ 16	¥(20)	$(202)

11. LEASES

The Company and domestic subsidiaries have several lease agreements relating to office space, computer equipment and circuit equipment. Total lease payments under finance lease agreements that do not transfer ownership of the leased property to the Company and domestic subsidiaries were ¥126 million ($1,284 thousand), ¥158 million and ¥185 million for the years ended March 31, 2009, 2008 and 2007, respectively.

The Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions, as discussed in Note 2.p. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense, on an "as if capitalized" basis for the year ended March 31, 2009 was as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	2009				2009			
	Machinery and Equipment	Furniture and Fixtures	Other	Total	Machinery and Equipment	Furniture and Fixtures	Other	Total
Acquisition cost	¥35	¥227	¥262	¥524	$357	$2,306	$2,666	$5,329
Accumulated depreciation	23	145	180	348	235	1,475	1,832	3,542
Net leased property	¥12	¥ 82	¥ 82	¥176	$122	$ 831	$ 834	$1,787

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the year ended March 31, 2008 was as follows:

	Millions of Yen			
	2008			
	Machinery and Equipment	Furniture and Fixtures	Other	Total
Acquisition cost	¥39	¥303	¥280	¥622
Accumulated depreciation	18	165	143	326
Net leased property	¥21	¥138	¥137	¥296

Obligations under finance leases as of March 31, 2009 and 2008, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥ 93	¥121	$ 942
Due after one year	88	181	898
Total	¥181	¥302	$1,840

The imputed interest expense portion, which is computed using the interest method, is excluded from the above obligations under finance leases.

Depreciation expense and interest expense under finance leases for the years ended March 31, 2009, 2008 and 2007, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	2009
Depreciation expense	¥120	¥151	¥177	$1,222
Interest expense	5	8	9	54
Total	¥125	¥159	¥186	$1,276

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of operations, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancellable operating leases at March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Due within one year	¥163	$1,659
Due after one year	785	7,989
Total	¥948	$9,648

12. DERIVATIVES

The Company enters into foreign exchange forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies and forecasted transactions.

All derivative transactions are entered into to hedge foreign currency exposures incorporated with its financing activities. The Company does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Company have been made in accordance with internal policies which regulate the authorization and credit limit amount.

The Company had no derivatives contracts outstanding at March 31, 2008 and had the following derivatives contracts outstanding at March 31, 2009:

	Millions of Yen 2009		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts—Selling U.S.$	¥1,139	¥1,178	¥(39)

	Thousands of U.S. Dollars		
	2009		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Foreign currency forward contracts—Selling U.S.$	$11,593	$11,995	$(402)

13. SEGMENT INFORMATION

Information about industry segments, geographical segments and sales to foreign customers of the Companies for the years ended March 31, 2009, 2008 and 2007, is as follows:

(1) Industry Segments

Industry segments information is not shown since substantially all consolidated net sales, operating income and identifiable assets for 2009, 2008 and 2007 resulted from the primary business of the Companies, which is to manufacture and sell electronics devices such as electron tubes and semiconductor devices.

(2) Geographical Segments

The segment information is grouped by geographic area based on the countries and areas where the Companies are located. The segments mainly consist of the following countries:

Asia:
For 2009 and 2008 —Thailand, Singapore, China
For 2007 —Thailand, Singapore
North America —United States of America

The geographical segments of the Companies for the years ended March 31, 2009, 2008 and 2007, are summarized as follows:

	Millions of Yen				
	2009				
	Japan	Asia	North America	Eliminations or Corporate	Consolidated
Sales:					
To customers	¥40,456	¥3,550	¥1,713		¥45,719
Interarea transfers	4,700	6,118	2	¥(10,820)	
Total	45,156	9,668	1,715	(10,820)	45,719
Operating expenses	44,261	9,721	1,797	(5,695)	50,084
Operating income (loss)	¥ 895	¥ (53)	¥ (82)	¥ (5,125)	¥ (4,365)
Total assets	¥42,499	¥2,952	¥ 250	¥ 6,761	¥52,462

	Thousands of U.S. Dollars				
	2009				
	Japan	Asia	North America	Eliminations or Corporate	Consolidated
Sales:					
To customers	$411,844	$36,146	$17,439		$465,429
Interarea transfers	47,848	62,279	19	$(110,146)	
Total	459,692	98,425	17,458	(110,146)	465,429
Operating expenses	450,581	98,966	18,295	(57,982)	509,860
Operating income (loss)	$ 9,111	$ (541)	$ (837)	$ (52,164)	$ (44,431)
Total assets	$432,646	$30,056	$ 2,544	$ 68,828	$534,074

	Millions of Yen				
	2008				
	Japan	Asia	North America	Eliminations or Corporate	Consolidated
Sales:					
To customers	¥53,065	¥ 4,685	¥2,693		¥60,443
Interarea transfers	6,502	7,682	12	¥(14,196)	
Total	59,567	12,367	2,705	(14,196)	60,443
Operating expenses	52,005	12,558	2,684	(8,346)	58,901
Operating income (loss)	¥ 7,562	¥ (191)	¥ 21	¥ (5,850)	¥ 1,542
Total assets	¥48,824	¥ 3,800	¥ 457	¥ 4,996	¥58,077

	Millions of Yen				
	2007				
	Japan	Asia	North America	Eliminations or Corporate	Consolidated
Sales:					
To customers	¥53,413	¥ 4,772	¥2,541		¥60,726
Interarea transfers	6,528	6,929	93	¥(13,550)	
Total	59,941	11,701	2,634	(13,550)	60,726
Operating expenses	51,916	11,829	2,665	(7,523)	58,887
Operating income (loss)	¥ 8,025	¥ (128)	¥ (31)	¥ (6,027)	¥ 1,839
Total assets	¥48,850	¥ 4,492	¥ 602	¥ 6,417	¥60,361

Notes: 1. The unallocated operating expenses for the years ended March 31, 2009, 2008 and 2007, amounting to ¥5,246 million ($53,402 thousand), ¥5,911 million and ¥5,966 million, respectively, are included in "Eliminations or Corporate" column, which mainly consisted of administration expenses of the Company.

2. The corporate assets at March 31, 2009, 2008 and 2007, amounting to ¥9,310 million ($94,778 thousand), ¥8,252 million and ¥9,974 million, respectively, are included in "Eliminations or Corporate" column, and consisted primarily of funds held by the Company for investing purposes (cash, time deposits, marketable securities and investment securities) and assets held for administration of the Company.

3. As discussed in Note 2.g, effective April 1, 2008, the Company applied ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." The effect of this change was to decrease operating income of Japan by ¥715 million ($7,279 thousand) for the year ended March 31, 2009.

4. As discussed in Note 2.b, effective April 1, 2008, the Company applied ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The effect of this change on the consolidated financial statements of operating loss is immaterial.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2009, 2008 and 2007, amounted to ¥21,060 million ($214,394 thousand), ¥27,254 million and ¥28,604 million, respectively, and accounted for 46.1 percent, 45.1 percent and 47.1 percent, respectively, of the consolidated net sales.

The segment information is grouped by geographic area based on the countries and regions where the Companies' customers are located. The segments mainly consist of the following countries and regions:

Asia	—China, Hong Kong, Republic of Korea, Singapore, Taiwan, Malaysia
North America	—United States of America
Europe	—United Kingdom, Germany, Italy, Holland
Other	—Israel, Mexico

	Millions of Yen				
	2009				
	Asia	North America	Europe	Other	Total
Sales	¥15,620	¥2,229	¥1,435	¥1,776	¥21,060

	Thousands of U.S. Dollars				
	2009				
	Asia	North America	Europe	Other	Total
Sales	$159,011	$22,694	$14,610	$18,079	$214,394

	Millions of Yen				
	2008				
	Asia	North America	Europe	Other	Total
Sales	¥20,569	¥3,365	¥1,548	¥1,772	¥27,254

	Millions of Yen				
	2007				
	Asia	North America	Europe	Other	Total
Sales	¥19,873	¥4,877	¥1,570	¥2,284	¥28,604

14. RELATED PARTY TRANSACTIONS

Transactions with and balances due from and to directors for the year ended March 31, 2009 are not disclosed because they are immaterial.

15. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009, 2008 and 2007 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2009	Net (Loss) Income	Weighted-average Shares	EPS	
Basic EPS—Net loss available to common shareholders	¥(2,782)	39,126	¥(71.10)	$(0.72)
Year Ended March 31, 2008				
Basic EPS—Net income available to common shareholders	¥ 435	39,128	¥ 11.12	
Year Ended March 31, 2007				
Basic EPS—Net income available to common shareholders	¥ 1,722	39,129	¥ 44.00	

Diluted net income per share is not disclosed because it is anti-dilutive for the years ended March 31, 2009, 2008 and 2007 and because of the Company's net loss position for the year ended March 31, 2009.

16. SUBSEQUENT EVENT

At the general shareholders meeting of the Company held on June 26, 2009, the appropriation of retained earnings was duly approved as follows:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥2.0 ($0.02) per share	¥78	$797

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Japan Radio Co., Ltd.:

We have audited the accompanying consolidated balance sheets of New Japan Radio Co., Ltd. (the "Company") and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, and cash flows for each of the three years in the period ended March 31, 2009, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Japan Radio Co., Ltd. and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2.g to the consolidated financial statements, the Company applied the new accounting standard for measurement of inventories effective April 1, 2008.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 22, 2009