

Nippon Antenna
(6930, JASDAQ)

Summary of Financial Report 2009
(for the Year ended March 2009)

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Company Profile

Financial Highlights

Year ended March 31; Thousands of yen	2005	2006	2007	2008	2009
Consolidated					
Net sales	27,274,702	28,076,048	31,455,001	31,992,848	27,952,394
Ordinary income	1,232,610	776,287	1,559,849	1,818,226	933,009
Net income	603,318	367,712	925,499	405,470	(338,880)
Shareholders' equity	20,669,945	21,556,369	22,226,140	21,880,922	20,589,119
Total assets	28,700,597	29,965,257	31,528,631	30,896,110	27,436,430
Shareholders' equity per share (Yen)	1,512.56	1,579.05	1,630.08	1,604.82	1,551.91
Net income per share (Yen)	42.25	25.62	67.87	29.74	(25.08)
Net income per share, fully diluted (Yen)	—	—	—	—	—
Shareholders' equity ratio	72.02	71.94	70.50	70.82	75.04
Return on equity	2.95	1.74	4.23	1.84	(1.60)
Price earnings ratio	23.62	39.81	14.00	20.51	—
Net cash from operating activities	1,082,092	1,167,245	499,590	2,849,521	2,880,478
Net cash from investment activities	(1,006,029)	(1,244,716)	(1,095,048)	(944,057)	(1,200,534)
Net cash from financing activities	(293,972)	(294,835)	(291,330)	(287,080)	(501,492)
Cash and cash equivalents at end of period	6,649,427	6,391,336	5,662,819	7,250,290	8,248,315
Employees	1,366	1,951	1,882	2,052	1,337

Description of Business

The corporate group, which is composed of the Company (Nippon Antenna Co., Ltd.) and six subsidiaries, is engaged in the manufacture and sale of antennas for telecommunications, automobiles, and television, and of electronic equipment for television transmission. It is also involved in the construction for installation of telecommunication systems and related businesses.

The following outlines the activities of the corporate group and the involvement of each group company in these activities. The information is provided according to business segment.

Manufacturing

This division is engaged in the manufacture and sale of: satellite antennas, mobile phone antennas, and car antennas; telecommunications-related equipment and antennas; and TV receiving antennas and TV reception/transmission-related equipment and accessories.

The Company, Ishinomaki Atex Co, Ltd., Nippon Antenna Philippines, Inc. and Nippon Antenna (Shanghai) Co, Ltd. have manufacturing operations.

The Company, Nippon Antenna (Europe), Ltd., Nippon Antenna (America), Inc., Nippon Antenna (Philippines), Inc. and Nippon Antenna (Shanghai) Co, Ltd. are engaged in selling the products manufactured by the group.

Construction

This division is involved in the construction including design and installation of CATV systems, CATV Internet systems, BS/CS receiving systems, and systems for the prevention of TV electromagnetic interference.

The Company provide construction-related services.

Other

NAC Development Corporation owns the land under the Company's factory in the Philippines { which is operated by Nippon Antenna (Philippines), Inc. }.

Major product in each business segment

Business segments	Sales segments	Major products
Manufacturing business	Antenna	Satellite antennas, mobile phone antennas, car antennas and related equipment, communications antennas and related equipment, TV antennas
	TV reception/transmission related electronic equipment	BS receiving equipment, cable TV transmission equipment, TV receiving related products (amplifiers, splitter, etc.)
Construction business	Electric & communications works	Cable TV related construction, cable Internet-related construction, satellite receiving-related construction, TV electromagnetic interference prevention construction

Group Companies

	Common stock	Percent ownership
Consolidated subsidiaries		
NIPPON ANTENNA (EUROPE) GmbH	EUR287,000	100.0
NIPPON ANTENNA (EUROPE) ,Ltd.	£ 1,430,000	100.0
ISHINOMAKI ATEX CO, Ltd.	¥92,500,000	100.0
NIPPON ANTENNA (PHILIPPINES), INC.	PHP250,000,000	100.0
NIPPON ANTENNA (AMERICA), INC.	US\$1,000,000	100.0
NIPPON ANTENNA (Shanghai) CO, Ltd.	CNY107,024,000	100.0

Largest Shareholders

Name of shareholders	Thousands of shares owned	Percent of shares outstanding
Sayo Takizawa	2,773	19.39
Ichiro Takizawa	753	5.27
Yutaka Takizawa	564	3.95
Resona Bank, Ltd.	500	3.50
Mizuho Bank, Ltd.	499	3.49
Souzaburo Yokoyama	365	2.55
Nippon Antenna Employees' Shareholding Association	344	2.41
The Dai-ichi Mutual Life Insurance Company	337	2.36
Showa Leasing Co., Ltd.	336	2.35
The BANK of NEW YORK Non-treaty JASDEC account	324	2.27
	6,798	47.54

Directors and Statutory Auditors

Ichiro Takizawa	Chairman of the Board
Yutaka Takizawa	President and Representative Director
Kenji Tanaka	Senior Managing Director
Kenji Masuda	Managing Director
Takatsugu Ito	Director
Tetsumi Izawa	Director
Hiroshi Unami	Director
Koji Enomoto	Director
Mitsuya Makino	Director
Yukio Misawa	Standing Statutory Auditor
Minoru Hino	Statutory Auditor
Yuji Katsuki	Statutory Auditor

Business Overview

Results of Operations

During the consolidated fiscal year under review, the financial panic stemming from the subprime crisis in the U.S. spread across the globe, and the world economy showed increasing signs of a slowdown. In the second half, the entire world seemed to have slipped into recession as share prices tumbled and foreign exchange markets became increasingly volatile.

The Japanese economy also deteriorated sharply as the impact of flagging sales, a rising yen, and a sagging stock market became apparent, causing capital expenditure to stall and personal consumption to slump.

Although there are some bright signs in our industry, such as brisk demand for products and re-installations relating to the switch to digital terrestrial broadcasting, earnings remain under severe pressure due to factors such as a worldwide slump in car sales and condominium and office building construction, rising credit risk among customers, and lower sales prices brought on by intensifying competition within the industry. Amid this environment, the Group pursued a basic policy of using proprietary technology to offer high-quality products and services, and focused on businesses related to digital terrestrial broadcasting, demand for which is peaking now. We also continued endeavoring to develop new products and reduce costs, worked to increase productivity by expanding overseas production and local procurement, endeavored to make our sales activities more aggressive, strived to rationalize our expenses, and so on.

Amid these circumstances, the Group focused on businesses related to digital terrestrial broadcasting (demand for which is peaking now), continued endeavoring to reduce costs, worked to trim expenses by making our operations more efficient, and so on. However, the sudden economic slowdown that occurred during the second half hit both our sales and earnings hard.

As a result of the above, sales for the consolidated fiscal year dropped 12.6% year-on-year to ¥27,952 million, operating income fell 36.5% to ¥1,038 million, and ordinary income dropped 48.7% to ¥933 million. We also ended the year with a net loss of ¥338 million (as opposed to net income of ¥405 million the previous year) after booking extraordinary losses of ¥972 million from the impairment of fixed assets.

Results by business segment are as follows:

(a) Manufacturing

Sales of television antennas increased 8.8% year-on-year to ¥2,926 million due to brisk sales mainly at large appliance stores as more and more households made the switch to digital television. Sales of car antennas, meanwhile, dropped 22.6% to ¥7,556 million as the slump in domestic and overseas car sales saw automakers run down their inventories and reduce

output. Sales of communications-use antennas fell by 13.8% to ¥3,732 million as disaster-prevention projects by government and municipal offices were postponed and the slump in the cellular phone market saw fewer handsets shipped and the number of product lines reduced.

Sales of television-reception/transmission-related electronic equipment dipped 3.9% to ¥7,027 million as an increase in demand for digital-terrestrial-broadcasting-related equipment and robust sales to large appliance stores and DIY centers failed to offset drops in sales of CATV-related equipment and sales to manufacturers.

As a result, sales for the consolidated fiscal year dropped 11.8% year-on-year to stand at ¥21,241 million, while operating income fell 17.4% to ¥1,304 million.

(b) Construction

While revenue from work relating to digital terrestrial broadcasting climbed steadily, that from work on cellular phone base stations declined. As a result, sales dropped 15.1% year-on-year to ¥6,710 million and operating income fell 49.8% to ¥516 million.

Results by geographical segment are as follows:

(a) Japan

Sales dropped 9.5% to ¥24,076 million due to a decline in construction revenue and weak sales of car and communications-use antennas. Operating income fell 33.3% to ¥1,761 million.

(b) Europe

Sales fell 44.2% year-on-year to ¥1,259 million as slumping car sales saw automakers reduce inventories of car antennas and cut production. The operating loss widened from ¥36 million the previous fiscal year to ¥157 million.

(c) North America

Sales dropped 26.5% year-on-year to ¥1,761 million as slumping car sales reduced demand for car antennas. However, the operating loss narrowed from ¥265 million the previous fiscal year to ¥129 million.

(d) Asia

Sales increased 15.0% year-on-year to ¥855 million as sales of car antennas in China grew, while operating income jumped 53.3% to ¥285 million.

Cash Flows

The Company had cash and cash equivalents (“cash”) of ¥8,248 million at the end of the consolidated fiscal year, an increase of ¥998 million from the end of the previous consolidated fiscal year.

Cash flows for each category are as described below:

(Cash flows from operating activities)

Net cash generated from operating activities increased by 1.1% year-on-year to ¥2,880 million, the primary factors behind which were an increase from declines in depreciation expenses, trade notes and accounts receivable, inventories, etc. and a decrease from a decline in trade notes and accounts payable, the payment of taxes, etc.

(Cash flows from investing activities)

Net cash used in investing activities rose 27.2% to ¥1,200 million. The placing of cash in time deposits, the purchase of shares, and the acquisition of fixed assets in conjunction with an expansion in production facilities were the main factors behind the increase.

(Cash flows from financing activities)

Net cash used in financing activities increased 74.7% to ¥501 million. The acquisition of treasury stock and the payment of dividends represented the main outlays.

Issues Facing the Company

While prospects remain good for businesses related to the switch to digital terrestrial broadcasting, the integration of broadcasting and telecommunications, and so on, it is still impossible to predict the future impact of factors such as rising raw materials prices, intensifying price competition, and rapid changes in the market environment.

Given these circumstances, in the previous fiscal year the Group formulated a new mid-term management plan (Fiscal 2008-2010) called “Quality08,” the pillar of which is to focus more on profitability in the conduct of our corporate activities, with the aim of responding more proactively to market needs and further strengthening our management practices. Under this plan, we are in the process of conducting a wholesale review of our entire production and sales structure. Moreover, not only do we intend to supply new products and services that have been designed to adapt flexibly to market changes, we will also boost the overall strength of the Group by proactively targeting investment at growth areas that we can develop into major sources of earnings in the future.

After identifying the issues to be addressed, we settled on the following “mid-term management policies,” and will be working hard to implement them:

(a) Use corporate resources more efficiently and allocate them more appropriately:

Deploy and reallocate corporate resources for profitability, for growth, and to match strategy

(b) Build and deploy a low-cost, short-lead-time production structure:

Review systems from the design phase to production and make costs visible

(c) Create a development and production structure that reflects changing market conditions:

Strengthen market research and analysis to identify the next big selling product and create a speedy development and production structure

(d) Develop a sales strategy and structure that reflects the depth of markets and customers:

Boost sales by actively responding to changing market needs

(e) Create an organization and human resources team that respond to changing times:

Create a learning organization and a strong corporate group

(f) Strengthen internal control systems and continue to promote compliance management:

Create a corporate culture of honesty, fairness, and transparency

Risk Factors

The primary risks that could emerge in the conduct of the Group's business are given below. The Group recognizes that there is a possibility that these risks would occur and strives to prevent their occurrence and respond accordingly if they do occur. They include possible future developments and represent the risks seen as existing as of the end of the consolidated fiscal year under review. However, potential risks in the conduct of the Group's business are not limited to these.

(1) Changes in the Market Environment

The Group sells and produces its products globally in Japan, Europe, North America, and Asia. The Group's operating results may therefore be affected by economic trends and changes in political or social circumstances in Japan or other countries in which the Group operates.

In addition, with broadcasting and communications in Japan rapidly going digital, the accompanying changes in our operating environment may also affect our performance.

(2) Changes in Product Prices

The Group is exposed to fierce competition in the markets in which it operates, and prices are trending downwards. Although the Group strives to maintain profit margins by, for example, introducing new products and reducing costs, operating results may be affected if competition becomes more intense or prolonged.

(3) Exchange-Rate Fluctuations

As the Group operates globally, its operating results may be affected by changes in exchange rates.

(4) Product Defects

The Group manufactures its products in Japan and overseas in accordance with internationally recognized quality control standards. However, there is no guarantee that all products will be free of defects or that recalls will not be required in the future. The Group's operating results or financial position may therefore be adversely affected if a product defect occurs that results in a major recall or the obligation to pay product liability compensation.

(5) Risks Relating to the Protection of Intellectual Property Rights

In cases where the Company is unable to adequately protect its intellectual property rights, there is a risk that a third party could use the Company's technology etc. and undermine the Group's competitiveness.

(6) Disaster Risk

Should a natural disaster (earthquake or typhoon) or other major disaster occur, it may have a profound impact on the Group, such as by harming personnel or property, paralyzing distribution functions, or causing a suspension in operations at production facilities in areas where infrastructure functions have been impaired?

Important Agreements etc.

Not applicable.

Research and Development

The information and telecommunications industries are experiencing changes on an unprecedented scale, with fast-paced technological innovation, particularly in digital technology, optical transmission technology, and satellite communications, leading to the rapid integration of broadcasting and telecommunications and penetration of broadband networking. The entire Group is engaged in R&D activities aimed at developing proprietary, high-value-added products in order to respond quickly and appropriately to trends in the market for information and telecommunications systems and meet demand in this area.

Taking into account global demand trends, the Group has been conducting basic research into and developing numerous products in the area of antennas and transmission systems/equipment, and has been launching new products as soon as they are market ready. During the consolidated fiscal year under review, the Group developed “ITS-related systems like low-profile Omni antennas for automobile ETC, DSRC (Dedicated Short Range Communication) base stations, and car-to-car communication,” “car-roof antennas combining smaller, lower-profile AM/FM antennas with telematics or satellite radio antennas,” “equipment for gapfiller systems for digital terrestrial broadcasting,” “universal digital head amps for the repacking of digital terrestrial broadcasts,” “receivers for Fiber-To-The-Home systems,” “digital terrestrial broadcast receivers,” “small, built-in antennas for demodulators in radio-clock signal-receiving systems,” “amps for glass antennas,” “high-performance dual/triple antennas to cope with the diversification in communications devices,” “small-sized antennas for receiving digital terrestrial broadcasts (for outdoor use, indoor use, cars, cellular phones, and PDAs),” “antennas for 1seg-enabled cellular phones,” “antennas for communication modules,” and so on.

We are also going to increase capital expenditures in areas like new measuring equipment, with an eye toward developing new products that reflect future technological innovations, such as the proliferation in the use of optical and microwave transmission as signals become increasingly digital and higher speed. Going forward, we will expand our lineups of digital video transmission equipment, optical transmission equipment, and broadband networking equipment, and continue to develop and improve equipment for handling digital terrestrial broadcasts. We will also be expanding our lineup of gapfiller systems, which will provide an

excellent means of solving problems associated with the proliferation of digital terrestrial broadcasting, and will be developing gapfiller systems that are suitable for use in various different locations.

In addition, we have initiated R&D programs and trained engineers in China, reinforced our overseas bases, made our workforce more international, and focused on creating and improving on a structure capable of providing automobile and communications equipment manufacturers in China with a seamless service encompassing everything from marketing and development to production. As a result, we have been steadily expanding our commercial interests there. Furthermore, after having our antennas used in the Japan Aerospace Exploration Agency's Selene lunar orbiter project, our antennas were also installed on the Maito-1 microsatellite, which was launched on January 23, 2009 along with a satellite carrying technology for measuring levels of greenhouse gases in the atmosphere. Our products are therefore playing a part in the conduct of observations from space.

At present, our R&D activities are primarily conducted by the technology unit (which includes the Technical Center) of the Manufacturing Division. As of the end of the consolidated fiscal year under review, 135 employees are engaged in these activities, which include the improvement of existing products, and our total spending on R&D for the year was ¥1,217 million.

The Construction Division incurs no R&D expenses as its operations only involve the installation of products developed and commercialized by the Manufacturing Division.

Production, Orders and Sales**1. Production**

Production (consolidated basis) at each business segment for the year ended March 31, 2009:

Thousands of yen	Value	YOY (%)
Manufacturing	19,580,121	89.9
Construction	6,710,678	84.9
Total	26,290,799	88.6

- (Notes)
1. Amounts are calculated based on net sales prices.
 2. Amounts are stated exclusive of consumption tax.

2. Orders

Orders (consolidated basis) at each business segment for the year ended March 31, 2009:

Thousands of yen	Value of orders	YOY (%)	Orders outstanding	YOY (%)
Manufacturing	11,448,687	79.7	1,030,433	86.8
Construction	5,506,779	61.3	2,026,713	62.7
Total	16,955,466	72.6	3,057,146	69.2

(Note) Amounts are stated exclusive of consumption tax.

3. Sales

Sales (consolidated basis) at each business segment for the year ended March 31, 2009:

Thousands of yen	Amounts	YOY (%)
Manufacturing	21,241,715	88.2
Construction	6,710,678	84.9
Total	27,952,394	87.4

(Note) Amounts are stated exclusive of consumption tax.

Consolidated Financial Statements**Consolidated Balance Sheets**

(Thousands of yen)

Years ended March 31;	2008	2009
Assets		
Current assets		
Cash and deposits	7,284,362	8,582,919
Notes and accounts receivable, trade	9,290,950	6,660,609
Short-term investment securities	—	300,000
Inventories	5,642,934	4,850,657
Deferred tax assets	243,947	390,773
Other current assets	915,182	763,459
Allowance for doubtful accounts	(25,055)	(20,053)
Total current assets	23,352,322	21,528,365
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	2,257,433	1,944,923
Machinery, equipment and vehicles, net	1,156,383	546,213
Land	1,210,336	993,909
Leased assets, net	—	14,854
Construction in progress	24,738	24,150
Other tangible fixed assets	858,629	484,541
Total tangible fixed assets	5,507,521	4,008,592
Intangible fixed assets		
Software	81,047	62,357
Software in process	66,192	122,447
Other intangible fixed assets	23,837	23,829
Total intangible fixed assets	171,077	208,635
Investments and other assets		
Long-term deposits	500,000	500,000
Investment securities	737,547	469,732
Deferred tax assets	249,340	421,988
Other assets	397,623	348,865
Allowance for doubtful accounts	(19,321)	(49,749)
Total investments and other assets	1,865,189	1,690,837
Total fixed assets	7,543,788	5,908,064
Total assets	30,896,110	27,436,430

Nippon Antenna

(Thousands of yen)

Years ended March 31;	2008	2009
Liabilities		
Current liabilities		
Notes and accounts payable, trade	5,176,134	3,555,458
Accounts payable-construction	779,223	625,918
Accrued expenses	274,023	184,495
Lease obligations	—	4,927
Income taxes payable	168,639	97,407
Provision for bonuses	501,059	475,743
Provision for warranties for completed construction	20,000	—
Provision for product guarantees	—	351
Other current liabilities	1,078,284	834,020
Total current liabilities	7,997,365	5,778,322
Long-term liabilities		
Lease obligations	—	10,163
Provision for employees' retirement benefits	743,602	773,504
Provision for directors' retirement benefits	274,190	285,290
Other long-term liabilities	30	30
Total long-term liabilities	1,017,822	1,068,988
Total liabilities	9,015,188	6,847,310
Net assets		
Shareholders' equity		
Common stock	4,673,616	4,673,616
Additional paid-in capital	6,318,554	6,318,554
Retained earnings	11,205,378	10,580,172
Treasury stock	(571,834)	(785,310)
Total shareholders' equity	21,625,713	20,787,032
Valuation and translation adjustments		
Unrealized gain on other securities	259,444	100,136
Foreign currency translation adjustment	(4,235)	(298,049)
Total valuation and translation adjustments	255,209	(197,912)
Total net assets	21,880,922	20,589,119
Total liabilities and net assets	30,896,110	27,436,430

Consolidated Statements of Income

(Thousands of yen)

Years ended March 31;	2008	2009
Net sales		
Net sales of finished goods	24,089,682	21,241,715
Net sales of completed construction contracts	7,903,166	6,710,678
Total	31,992,848	27,952,394
Cost of sales		
Cost of finished goods sold	18,157,066	15,623,584
Cost of sales of completed construction contracts	5,837,293	5,100,494
Total	23,994,360	20,724,078
Gross profit	7,998,488	7,228,315
Selling, general and administrative expenses	6,363,521	6,189,830
Operating income	1,634,966	1,038,485
Non-operating income		
Interest and dividends income	73,561	66,674
Foreign exchange gains	146,457	—
Other income	67,417	108,314
Total	287,436	174,989
Non-operating expenses		
Sales discounts	97,951	103,332
Foreign exchange loss	—	167,862
Other expenses	6,225	9,269
Total	104,176	280,465
Ordinary income	1,818,226	933,009
Extraordinary income		
Gain on sale of fixed assets	2,625	109,120
Gain on sale of investment securities	10,327	0
Reversal of allowance for doubtful accounts	10,219	—
Reversal of Provision for warranties for completed construction	—	10,742
Other extraordinary income	—	850
Total	23,172	120,713
Extraordinary loss		
Loss on disposal of fixed assets	331,530	102,530
Loss on reduction of fixed assets	—	82,936
Loss on valuation of investment securities	8,043	10,366
Loss on valuation of shares in related companies	—	8,086
Business restructuring losses	—	128,839
Lump-sum payments due to the withdrawal from the employee's pension fund	596,901	—
Loss on prior period adjustment	18,811	—
Loss on impairment	—	972,541
Other extraordinary loss	—	379
Total	955,286	1,305,679
Income before income taxes and other adjustments	886,111	(251,957)
Corporate, inhabitant and enterprises taxes	438,949	297,218
Deferred income taxes	41,692	(210,294)
Net income	405,470	(338,880)

Consolidated Statements of Changes in Net Assets

(Year ended March 31, 2008)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	4,673,616	6,318,554	11,086,242	(571,380)	21,507,031
Changing during the period					
Dividends paid			(286,335)		(286,335)
Net income			405,470		405,470
Purchase of treasury stock				(454)	(454)
Changes in other than shareholder's equity during the period					
Total changes of the period	—	—	119,135	(454)	118,681
Balance as of March 31, 2008	4,673,616	6,318,554	11,205,378	(571,834)	21,625,713

	Valuation and translation adjustments			Total net assets
	Unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance as of March 31, 2007	758,013	(38,904)	719,108	22,226,140
Changing during the period				
Dividends paid				(286,335)
Net income				405,470
Purchase of treasury stock				(454)
Changes in other than shareholder's equity during the period	(498,568)	34,669	(463,899)	(463,899)
Total changes of the period	(498,568)	34,669	(463,899)	(345,218)
Balance as of March 31, 2008	259,444	(4,235)	255,209	21,880,922

Nippon Antenna

(Year ended March 31, 2009)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	4,673,616	6,318,554	11,205,378	(571,834)	21,625,713
Changing during the period					
Dividends paid			(286,325)		(286,325)
Net income			(338,880)		(338,880)
Purchase of treasury stock				(213,475)	(213,475)
Changes in other than shareholder's equity during the period					
Total changes of the period	—	—	(625,205)	(213,475)	(838,681)
Balance as of March 31, 2009	4,673,616	6,318,554	10,580,172	(785,310)	20,787,032

	Valuation and translation adjustments			Total net assets
	Unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance as of March 31, 2008	259,444	(4,235)	255,209	21,880,922
Changing during the period				
Dividends paid				(286,325)
Net income				(338,880)
Purchase of treasury stock				(213,475)
Changes in other than shareholder's equity during the period	(159,307)	(293,814)	(453,121)	(453,121)
Total changes of the period	(159,307)	(293,814)	(453,121)	(1,291,802)
Balance as of March 31, 2009	100,136	(298,049)	(197,912)	20,589,119

Consolidated Statements of Cash Flows

(Thousands of yen)

Years ended March 31;	2008	2009
Cash flows from operating activities		
Income before income taxes (loss)	886,111	(251,957)
Depreciation and amortization	871,504	852,267
Loss (gain) on valuation of investment securities	8,043	10,366
Loss (gain) on sales of investment securities	(10,327)	0
Loss (gain) on valuation shares in related companies	—	8,086
Increase (decrease) in provision for retirement benefits	14,426	29,902
Increase (decrease) in provision for directors' retirement benefits	33,730	11,100
Increase (decrease) in provision for bonuses	(18,758)	(25,316)
Increase (decrease) in allowance for doubtful accounts	(13,478)	27,652
Interest and dividends income	(73,561)	(66,674)
Foreign exchange losses (gains)	3,224	1,002
Gain on sales of fixed assets	(2,625)	(109,120)
Loss on disposal of fixed assets	331,530	102,530
Loss on reduction of fixed assets	—	82,936
Loss on impairment	—	972,541
Business restructuring losses	—	128,839
Decrease (increase) in trade receivables	712,565	2,358,730
Decrease (increase) in inventories	756,423	656,156
Increase (decrease) in trade payables	(157,132)	(1,372,857)
Others	113,427	(255,380)
Subtotal	3,455,104	3,160,805
Interest and dividends income received	73,516	66,214
Income taxes paid	(679,100)	(346,541)
Net cash provided by (used in) operating activities	2,849,521	2,880,478
Cash flows from investing activities		
Payments for Long-term deposits	(34,071)	(300,000)
Payments for purchases of short-term investment securities	—	(300,000)
Proceeds from redemption of short-term investment securities	200,000	—
Payments for acquisition of tangible and intangible fixed assets	(1,210,898)	(764,695)
Proceeds from sales of tangible and intangible fixed assets	13,559	156,095
Payments for purchases of investment securities	(5,674)	(19,269)
Proceeds from sales of investment securities	75,975	0
Payments for loans	(21,931)	(2,475)
Proceeds from collection of loans	38,983	28,258
Others	—	1,551
Net cash provided by (used in) investment activities	(944,057)	(1,200,534)
Cash flows from financing activities		
Payments for purchases of treasury stock	(454)	(213,475)
Cash dividends paid	(286,625)	(285,396)
Repayment of lease obligations	—	(2,620)
Net cash provided by (used in) financing activities	(287,080)	(501,492)
Effect of exchange rate change on cash and cash equivalents	(30,912)	(180,426)
Net Increase (decrease) in cash and cash equivalents	1,587,470	998,024
Cash and cash equivalents at beginning of period	5,662,819	7,250,290
Cash and cash equivalents at end of period	7,250,290	8,248,315

Segment Information

Business segment information

(Thousands of yen)

Year ended March 31, 2008					
	Manufacturing business	Construction business	Total	Eliminations or corporate	Consolidated
1. Sales and operating income					
Sales					
Sales to external customers	24,089,682	7,903,166	31,992,848	—	31,992,848
Inter-segment transactions and transfers	—	—	—	—	—
Total sales	24,089,682	7,903,166	31,992,848	—	31,992,848
Operating expenses	22,509,092	6,874,007	29,383,099	974,782	30,357,881
Operating income	1,580,590	1,029,158	2,609,748	(974,782)	1,634,966
2. Assets, depreciation and capital expenditures					
Assets	16,072,934	3,404,763	19,477,698	11,418,412	30,896,110
Depreciation and amortization	823,889	16,093	839,983	31,521	871,504
Capital expenditures	524,401	4,701	529,103	639,800	1,168,904

(Thousands of yen)

Year ended March 31, 2009					
	Manufacturing business	Construction business	Total	Eliminations or corporate	Consolidated
1. Sales and operating income					
Sales					
Sales to external customers	21,241,715	6,710,678	27,952,394	—	27,952,394
Inter-segment transactions and transfers	—	—	—	—	—
Total sales	21,241,715	6,710,678	27,952,394	—	27,952,394
Operating expenses	19,936,775	6,193,762	26,130,537	783,371	26,913,908
Operating income	1,304,940	516,916	1,821,856	(783,371)	1,038,485
2. Assets, depreciation, loss on impairment and capital expenditures					
Assets	11,657,672	2,836,475	14,494,148	12,942,281	27,436,430
Depreciation and amortization	789,046	27,288	816,334	35,932	852,267
Loss on Impairment	972,541	—	972,541	—	972,541
Capital expenditures	624,449	38,082	662,531	79,710	742,242

Basis of segmentation

The Group's business is divided into two segments based on the manufacturing of antennas, TV reception/transmission-related electronic equipment, and construction including telecommunications-related design and installation.

Geographical segment information

(Thousands of yen)

Year ended March 31,2008							
	Japan	Europe	North America	Asia	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income:							
Sales							
Sales to external customers	26,595,680	2,256,834	2,397,095	743,237	31,992,848	—	31,992,848
Inter-segment transactions and transfers	4,211,736	—	26,909	6,118,634	10,357,280	(10,357,280)	—
Total sales	30,807,416	2,256,834	2,424,004	6,861,872	42,350,129	(10,357,280)	31,992,848
Operating expenses	28,167,999	2,293,190	2,689,269	6,675,625	39,826,084	(9,468,203)	30,357,881
Operating income	2,639,417	(36,355)	(265,264)	186,246	2,524,044	(889,077)	1,634,966
2. Assets							
	18,709,053	1,074,410	917,737	4,857,250	25,558,452	5,337,658	30,896,110

(Thousands of yen)

Year ended March 31,2009							
	Japan	Europe	North America	Asia	Total	Eliminations or Corporate	Consolidated
1. Sales and operating income:							
Sales							
Sales to external customers	24,076,625	1,259,699	1,761,068	855,000	27,952,394	—	27,952,394
Inter-segment transactions and transfers	2,745,731	—	3,482	4,484,443	7,233,657	(7,233,657)	—
Total sales	26,822,357	1,259,699	1,764,551	5,339,443	35,186,051	(7,233,657)	27,952,394
Operating expenses	25,060,692	1,417,509	1,894,325	5,053,985	33,426,511	(6,512,602)	26,913,908
Operating income	1,761,665	(157,809)	(129,773)	285,457	1,759,540	(721,054)	1,038,485
2. Assets							
	15,002,512	1,187,536	700,870	2,490,208	19,381,128	8,055,301	27,436,430

1. Geographical distances are considered in classification of country or area

2. Major countries or areas included in each segment except for Japan are as follows.

- (1) Europe: Germany, Great Britain
- (2) North America: USA
- (3) Asia: South Korea, China, Philippine