MEIDEN

ANNUAL REPORT 2009

For the year ended March 31, 2009

Empower for new days

Profile

Ever since its founding in 1897, Meidensha Corporation has been working on the relentless pursuit of new technology and product developments and witnessed steady growth. Our product offerings cover a wide area, such as generators, substation equipment, electronic equipment and information equipment. Our mission is not only to provide these products but also to recommend the best solutions on the basis of what a customer values best. In order to realize these best solutions, we engage in the supply of various products and provide related services such as engineering, facility management (including operation and maintenance), repair and product-life support.

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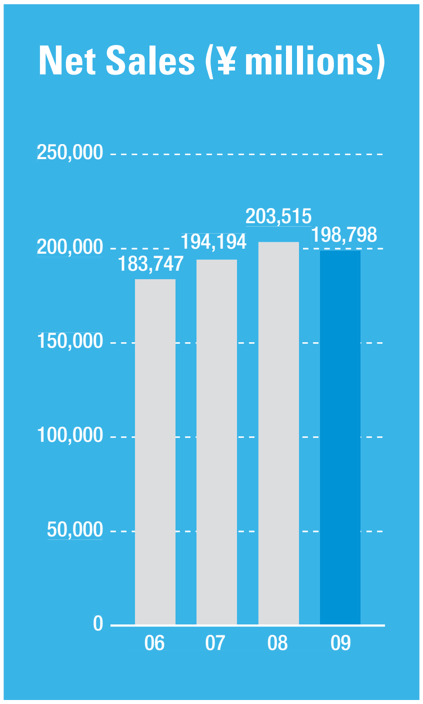
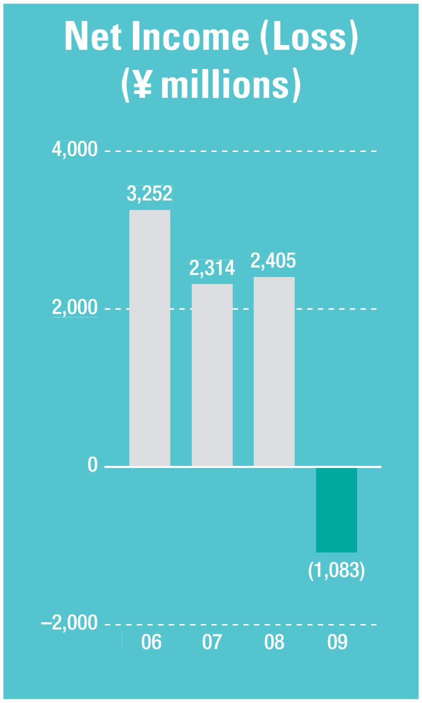
FINANCIAL HIGHLIGHTS

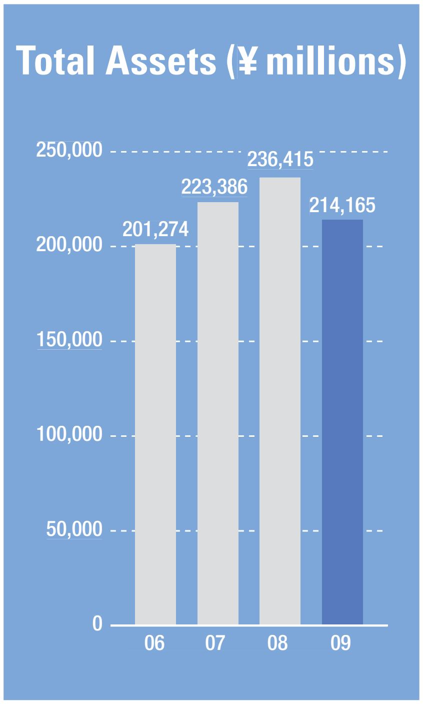
Years ended March 31

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Net sales	**¥198,798**	¥203,515	¥194,194	**$2,028,551**
Net income (loss)	**(1,083)**	2,405	2,314	**(11,051)**
Net income (loss) per share (yen, U.S. dollars)	**(4.77)**	10.59	10.18	**(0.05)**
Cash dividends paid	**908**	1,363	1,137	**9,265**
Total assets	**214,165**	236,415	223,386	**2,185,357**
Number of employees	**7,133**	6,825	6,775	—

The consolidated figures in this Annual Report are expressed in yen and solely for the convenience of the reader, translated into United States dollars at the rate of ¥98 = U.S.$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2009. See Note 1 to Consolidated Financial Statements.







Message from Management

We, at Meidensha Corporation ("Meiden") and its consolidated subsidiary companies (collectively the "Meiden Group" or "the Company"), share the same corporate philosophy. The mission is: "Illuminating a more affluent tomorrow." The value is: "For customer peace of mind and satisfaction." Meiden Group positively seeks to produce innovations in technology and new values to realize a more vibrant society and better living conditions in the future. For customer satisfaction and assurance, we produce eco-friendly designs and approaches. We strongly promote courteous customer-support service. With top quality products and services, we hope to help our customers in solving their various problems and in realizing their dreams.

Meiden Group products form a broad spectrum, from power systems, substation equipment, and electronic products to information and communication products. We not only perform the manufacturing and sales of these products, but also engage in the solutions business in Japan. This process includes finding customer-driven optimum solutions and offering engineering, system operations, and system maintenance and management to realize these solutions. Out of our business operations, we would like to positively seek to offer solutions to the various challenges of our times, such as the Global Climate Control problem. Through our contributions to building a more affluent future society, we would like to live up to our social responsibilities and seek sustainable growth as a company.

From the beginning of fiscal 2008, the Japanese economy continued to lose steam, but starting in September, the sub-prime loan problem triggered a worldwide financial crisis and a sudden economic slowdown that could be viewed as a global recession. Overall enterprise performance significantly deteriorated and the landscape of capital investment reflected the slowdown, while personal consumption became sluggish. This clearly marked that the economic setback had became a reality, and the economy became quite challenging. The heavy electrical industry market in Japan saw decreases in public investment and a further decline of capital investment in private sector demand due to spending cuts, so that demand and price deterioration continued. Demand also reduced significantly in overseas markets, due to the above factors, so the business climate continues to be challenging.

Under these economic conditions, the Company made vigorous across-the-board efforts to boost sales, but in spite of this, sales for fiscal 2008 totaled ¥198,797 million (consolidated basis), a 2.3% decrease from the previous fiscal year.

With respect to earnings, we made efforts in raising productivity, but due to the price hike of raw materials, net income (loss) before income taxes came to ¥1,377 million (consolidated) and a net income (loss) for the year came to ¥1,083.5 million (consolidated). Year-end dividends were 4 yen per share.

As for future economic conditions, it is difficult to predict when the Japanese and foreign market recession will hit bottom, and the economic outlook is still foggy. Demand in the heavy electrical industry in Japan has been sluggish, due to decreases in public spending and private sector spending cuts following the recession, so that price deterioration is still there. For that reason, the economic environment for the Meiden Group remains quite challenging.

Under these conditions, the Company drew up POWER 5, a new medium-term management plan for solid growth. POWER 5 is a five-year plan, running from fiscal 2009 to fiscal 2013, with the slogan, "The challenge of the Meiden Group: Contributing to society through the "power" of manufacturing excellence." The details of specific programs are as follows:

(1) Realize high growth and new business development

In preparing for the low-carbon society of the future, we will shift our heavy electrical engineering resources technology into new areas. To be specific, we will develop new businesses by entering into component businesses, such as drive units for pure electric vehicles, power conversion products, electric double layer capacitors, products for wind turbine applications, and other component products; we have to make these the growth drivers.

(2) Develop business further in the private sector and overseas markets

Accelerating new product development for the private sector and overseas markets, overseas production, consolidation of our business and affiliated companies, and human resources development programs will give us a competitive advantage; we would also like to develop new markets.

(3) Improve profitability through selection and concentration

With "component products" and "private sector demand and overseas markets" as our core business fields, we will put our management resources into these selected areas.

(4) Enhance the power of manufacturing excellence

We believe that "the power of manufacturing excellence" refers to the overall strength of manufacturing, covering R & D, sales and marketing and services. We would like to increase these collective powers by working together to improve our strengths.

(5) Constantly promote CSR management

We will try to reduce the gas emissions that are a result of our corporate activities and fulfill our corporate social responsibility (CSR) by contributing to climate control and energy-savings with our products and services.

By implementing POWER 5, we aim to provide peace of mind and the best product experience to our customers through our products and services for social infrastructure building and the general industry and at the same time, we will try to generate high earnings. We also aim to be a company where each individual employee can work with pride for a higher level of job satisfaction.

We ask every shareholder, as well as our customers and business partners, to give us your continuous support and advice.

Keiji Kataoka, Chairman   Junzo Inamura, President

K. Kataoka   J. Inamura

TOPIC 1

The Start of Our Medium-Term Management Plan "POWER 5"

The Company drew up its medium-term management plan, titled "POWER 5", a five-year plan starting in fiscal 2009, and we started implementation of this program from April 1, 2009, at the All Meiden Group level.

The five basic principles of POWER 5:

1. Establish high growth and new businesses
2. Further develop the private sector and overseas markets businesses
3. Improve profitability through "selection and focus"
4. Enhance the "Power of Manufacturing Excellence"
5. Constantly promote CSR management

The Duration and Policy:

The five years are divided into periods in which we will lay the groundwork in building a future growth platform (Phase 1) and a period of growth and expansion based on that platform (Phase 2), and we will try to develop our businesses and reinforce our competences.

Phase 1 (Fiscal 2009- Fiscal 2010)

We anticipate a challenging business environment due to the sluggish market, but in order to achieve new growth, we will further restructure or downsize our non-performing businesses and establish the quality and systems that will allow us to concentrate management resources in the businesses that we will focus on.

Phase 2 (FY2011-FY2013)

Drawing on the growth platform that we built during Phase 1, we will concentrate R&D spending on the focused businesses, promote the consolidation of production hubs, and increase facility investment. All of these efforts will contribute to producing higher earnings.

Specific implementations:

(1) Focused business development for high growth and a new business field

We will select and expand component products that can contribute to a low-carbon society


Electric double-layer capacitor business


Motor drive unit business for pure electric vehicle


Power conversion product business


Component business for wind turbines

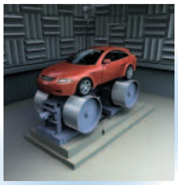

Vacuum capacitor business

(2) New business development for our existing heavy electrical business

We will adopt strategies that allow us to maintain our current level of earnings in our existing heavy electrical business. We will employ our rich engineering resources, experiences and track records and servicing powers in new markets in this market segments.


Traction substation business


Water processing business (Develop a water treatment system business (including overseas markets and Japanese industrial sector market)


Dynamometer and logistics system business

By combining the five (5) power sources of POWER: Productivity, Organizational power and Worldwide presence, Environmental problem solving, and Resources (human resources), we aim to produce a company with "the passion for manufacturing excellence."

TOPIC 2

New Business Development for Wind Power Business Field

▲ Generator for a wind turbine by Japan Steel Works, Ltd.

▼ Meiden Customer Center that monitors the wind turbine operations 24 hours a day and seven days a week (24/7)

Our Company has been involved in the wind power business field since 2002. We sold wind power systems and related facilities to wind farm operators in Japan. We also provide maintenance services after the commercial operation of each wind power project. Our wholly owned subsidiary, M Winds Co., Ltd., has two wind farm projects in Japan selling a total 28,500 kW of power to the power utilities.

Now we are supplying 2 MW generators for a wind turbine that Japan Steel Works, Ltd. (“JSW”) manufactures and sells. We also provide maintenance services for JSW’s wind power systems.

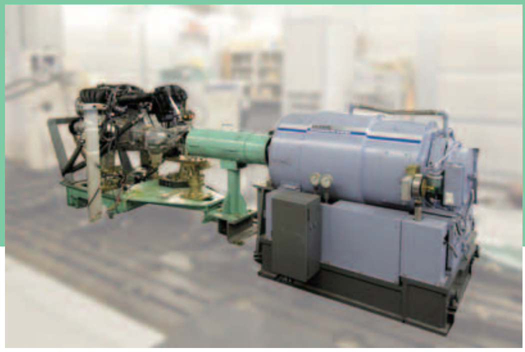
Drawing on our long-standing generator manufacturing technology and our rich experience in maintenance services, our nationwide maintenance networks, and our latest systems offering 24/7 remote-monitoring service, we would like to develop a new business in this challenging renewable energy market.

TOPIC 3

Entered into discussions with Ono Sokki for a future automotive testing business alliance

▲ Ono Sokki, operation and measurement, control panels

▼ Meiden: Engine bench (liquid-cooled dynamometer)



In order to build a mutually strong and broad cooperative relationship in the area of automotive testing, our Company and Ono Sokki Co., Ltd. ("Ono Sokki", President & CEO, Mr. Masamichi Ono) decided to enter into business discussions on such a business alliance.

The main objective of this alliance is to combine Ono Sokki's measurement, control, and analysis technology with Meiden's mechanical and control technology to create a technological synergy.

We would like to utilize tangible and intangible management resources, such as mutual technology and production facilities, to introduce high value to products for the peace of mind and best product experiences of the customers through "the passion of manufacturing excellence."

Our aim is to create new innovations and added value for a competitive advantage in markets in Japan and abroad, so that we can provide world top-class technologies and products.

Operating Performance Highlights

Social Infrastructure Systems Business Sector

The Japanese economic slowdown from the latter half of fiscal 2008 caused a sharp decrease in private sector demand, but order levels for the Environmental Engineering Segment, which includes our water processing systems, etc., equaled the levels of the preceding year. Revenue from the previous fiscal year orders contributed greatly and the final sales results showed an increase over those of the previous fiscal year.

Power, Railways & Private Sector Business Segment

Due to a recession in the Japanese Market, the business climate experienced a continuous challenging situation as demand for facility investments, such as private sector manufacturing plants, decreased.

For new business development under this business climate, we are working on business development in the renewable energy fields. We are manufacturing the generator for a wind turbine by Japan Steel Works, Ltd., and are also working on the business development of a micro-grid system linking solar power.

Protection relay and control panel for "Shinkansen line" substations

Traction power substation

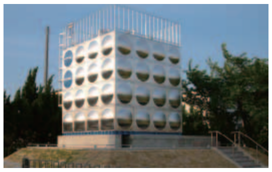
Power-conditioning systems

Generator for a wind turbine by Japan Steel Works, Ltd.

Electric double-layer capacitor-based dynamic voltage compensator

Environment Engineering Segment

We had strong replacement order demands for the major electrical systems for drinking water treatment plants and sewage treatment plants. We newly developed a sewage water treatment system for the private sector and a new monitoring control system for water processing facilities. We are working on business development for these systems. We aim to develop the water processing business in overseas markets in the future and are working together with the government and academic institutions in Japan. We joined the Global Water Recycle System Association (GWRA) in Japan to learn necessary information for building a platform for future business development of the water processing business in the overseas market.



WATERCUBE

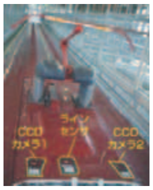
Membrane filtration system for drinking water production

Monitoring and control systems

International Business Segment

The worldwide recession and the strong yen put us into a very challenging business situation. We are working harder to develop the T & D business for power utilities in our overseas markets and the traction substation business for railway projects. We are also working to develop an overseas business for products for the renewable energy business and for the CATENARY EYE, an on-board trolley line inspection unit.

DC circuit breaker for railroads



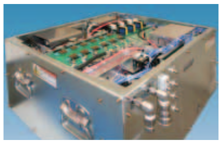
On-board trolley line inspection unit, CATENARY EYE

Industrial Systems Business Sector

Reflecting the drastic slowdown of the Japanese economy during the second half of fiscal 2008, the business climate became more challenging due to spending cuts in private sector capital investment.

Information and Communications Business Segment

Demand in our major market sector, the semiconductor manufacturing equipment market, remained sluggish. We are working hard by improving high-value product offerings: a slim size controller, a new series of desktop industrial PCs, and products for improving web security.



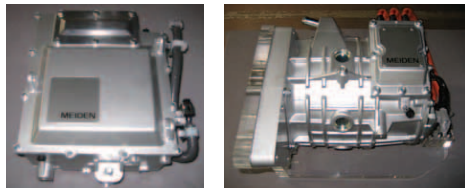
Pulsed power generator

Vacuum capacitors

Industrial controller μPIBOC-I

Motor Drive Application Business Segment

We are working on the business development of motor drive unit sales utilizing the electric double layer capacitor for energy-savings by using regenerative power. We are facing a very challenging market due to spending cuts in capital investment. We are working on business development by capitalizing on the rising demand for the motor drive units for pure electric vehicles. We are preparing for the mass production of these products.



Motor drive unit for pure electric vehicle

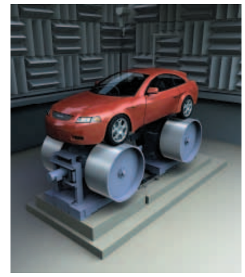
Motor controller for forklifts

Dynamometer System Business Segment

After December 2008, major automakers in Japan announced an increasing number of postponements or freezes of automotive testing facility projects, and this put us in a very challenging business situation. We are working to improve our product development for a testing system for eco-friendly cars such as pure electric vehicles or hybrid cars. These cars have major growth potential. We also entered into a discussion with Ono Sokki Co., Ltd., in Japan over an alliance in the automotive testing field. In such a way, we are laying the groundwork for future business growth.

Hyper Dynamometer

Low-speed PM Dynamometer



4WD Chassis Dynamometer

Engineering System Business Sector

Maintenance Service and Facility Management Service Segment

In addition to our existing services of maintenance and inspection of electrical facilities in Japan, we are actively seeking new service fields, which include maintenance services for wind power systems, energy-saving consulting services, facility life extension services and retrofit or renovation services for aged facilities based on our facility apparatus health diagnosis service.

Maintenance Service for Semiconductor Manufacturing Equipment Segment

Due to the drastic decline in the demand for semiconductor products, some semiconductor manufacturers in Japan opted for a temporary shutdown of production lines. This put us in a very challenging situation. We are reinforcing our service offerings by providing contract maintenance and inspection services for semiconductor production lines for semiconductor device manufacturers.

Real Estate Business Segment

We are conducting a real estate business service primarily out of ThinkPark Tower, a business and commercial building located in Osaki, Shinagawa City, Tokyo.

ThinkPark Tower

Overseas Operations

During fiscal year 2008, the global economy faced a severe recession after the financial crisis in September 2008, symbolized by the Lehman Brothers default and the rescue of American Insurance Group (AIG). China, India and the Middle East continued to maintain growth while all of the advanced countries marked negative growth for the first time since the World War II. The emerging markets were hard hit by the financial crisis. The global GDP contracted more than 6% during fiscal 2008.

The Middle East showed weak growth of around 2.5%. It faced a decline in oil prices and some area of the Gulf region experienced a credit crunch caused by the financial crisis.

Southeast Asia, which is Meidensha Corporation's major market, posted about a 2% growth in fiscal 2008. Singapore was hard hit by the financial crisis and the worldwide recession and showed a negative GDP growth in fiscal 2008

The US power sector showed about a 5% drop in total net power generation due to the decline of US industrial production. There was a significant drop in coal-fire generation, on the scale of around 14%. There was an increase in hydroelectric power generation (around 18%) and wind power generation (around 35%.)

The automotive industry in the US experienced its worst sales decline since fiscal 1992. US auto sales for fiscal year 2008 were around 9 million vehicles. US automakers suffered from the impact of the US financial crisis.

Major products ordered in fiscal year 2008 were as follows:

In the field of power generation, GE Aero Energy Products in Texas placed orders as part of a long-term purchasing contract for generators for GE LM6000 gas turbine.

In the field of utility power substations, we also received orders for mobile substations for the Middle East.

In the field of electric railroad substations, we received orders for expansion and modification work of the existing traction substations in the South Asia and the Middle East.

In the North American automotive market, we received orders for 4WD chassis dynamometers, drive-train test systems, and end-of-line test systems for automaker's technical centers and factories.

In the Asia-Pacific automotive market (outside Japan), we received orders for motor test systems for hybrid electric vehicles, and chassis dynamometers for auto and motorcycle makers' technical centers in Asia.

The major products manufactured and shipped during fiscal year 2008 were as follows:

In the field of substations, we supplied substation equipment for the Middle East.

In the field of electric railroad substations, we shipped and installed traction substation equipment for the Middle East.

In the North American automotive market, we shipped and supplied 8 test systems for automobiles, truck transmissions, engines, and vehicles for several customers.

In the Asia-Pacific automotive market (outside Japan), we also shipped and supplied 8 test systems for automobiles, truck engines, and vehicles for several customers.

In another noteworthy event in our overseas operations, we opened a second factory at Meiden Hangzhou Drive Systems Co., Ltd. (MHD) on October 23, 2008. Hangzhou is the capital of Zhejiang Province in China and is located 180 km southwest of Shanghai. MHD is our manufacturing hub for motor production in China. MHD's main product offering is motors for elevators. With about 3,000 square meters of factory building space, the newly completed MHD factory has a production capacity of 6000 PM motors per year.

On September 19, 2008, there was a special ceremony commemorating the 10th Anniversary of Meiden Electric (Thailand) Ltd. (MET) in Bangkok, Thailand. MET is located in Bangpa-in, near Bangkok, and produces switchgears for the Asian market.

R & D Highlights

R&D at the Meiden Group focuses on two fronts: the development of core technologies and the development of elemental technologies. Both are based on a long-term view. The following are the highlights of the main R&D activities in fiscal 2008:

Developments in Core Technologies

We are conducting R&D on the key materials for our products. We are developing eco-friendly new insulation materials and a catalyst that converts methane gas into its chemical components. We are also conducting R&D on product life diagnostic technology to determine the remaining operational life of the equipment used in power generation and substation facilities. In order to ensure the quality of our products, we are engaged in quality review of the materials or products using chemical analysis methods, fault analysis, diagnosis of facility deterioration, support for development of materials, optimization of design parameters for electrical and mechanical design, and two-dimensional and three-dimensional multi-computation technology for analyzing the magnetic fields of rotating machinery. We are also conducting fundamental research on the development of parallel and distributed computation processing technology, increase of software programming productivity, development of remote web-monitoring products to monitor power conversion products, etc., development of an effective operational planning model for the energy system, and development of effective control technology for energy systems, etc.

Developments in Elemental Technologies

We are also working on the performance increase of the electric double-layer capacitor ("EDLC") to save energy, and the development of EDLC-applied systems or products. The Company is reinforcing its product offerings for the quality power markets using such EDLC-applied systems or products. We are also planning to obtain certification in the leading safety standards for such systems or products for export markets. We are also improving the performance of our pure ozone gas generator, whose gas is 100% pure ozone gas, free from heavy metals. We are also developing a semiconductor manufacturing process application area that best utilizes our pure ozone feature.

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CONSOLIDATED FINANCIAL REVIEW

Outline of Business Performance

During this consolidated fiscal year, the economic downturn that began in March, 2008 has continued on. The severity of the downturn increased after September 2008, as the subprime mortgage crisis developed into a worldwide financial crisis, causing what could be called a global depression. It has become clear that we are in the midst of an economic recession and that the Company faces a very difficult business environment. Corporate performance has significantly worsened, there has been a decrease in demand for capital expenditures, and personal consumption has also taken a downturn.

The heavy electrical industry market in Japan has suffered a further decline in demand, and market prices are in a downward trend due to several factors, the main one being a curb in both public and private sector capital investment. Meanwhile, in overseas markets, due to the economic factors described above, demand took a sharp dive, which means that the operating environment will continue to be harsh for the Company.

Under these economic circumstances, results are as follows for the Company and its consolidated subsidiaries. Sales were ¥198,798 million (down 2.3% from the previous fiscal year) and operating income was ¥4,085 million (down 46.1% from the previous fiscal year). Net income declined by ¥3,488 million, resulting in a net loss of ¥1,083 million.

Financial Conditions

The amount of total assets on March 31, 2009 declined by ¥22,250 million (down 9.4%) compared to the amount of total assets on March 31, 2008, resulting in total assets of ¥214,165 million. Due to a reduction in accounts receivables caused by a decline in sales and orders received, current assets declined by ¥17,859 million (down 13.6%) compared to the previous fiscal year, resulting in total assets of ¥113,316 million at the end of the current fiscal year. Fixed assets declined by ¥4,391 million (down 4.2%), due to the continual depreciation of property, plants, and equipment, and to the falling stock prices of securities held by the Company, which caused a reduction in the value of investment securities, resulting in fixed assets of ¥100,849 million at the end of the current fiscal year. The amount of total liabilities at the end of the current fiscal year was ¥161,463 million, a decline of ¥14,776 million (down 8.4%). The amount of current liabilities at the end of the current fiscal year was ¥118,170 million, a decline of ¥10,586 million (down 8.2%); due to a decrease in payables. The amount of long-term liabilities at the end of the current fiscal year was ¥43,293 million, a decline of ¥4,190 million (down 8.8%), due to the retirement of long-term debt. The amount of net assets at the end of the current fiscal year was ¥52,702 million, a decline of ¥7,474 million (down 12.4%). This was due to the decrease in stock prices of securities held by the Company and the net loss incurred during the current fiscal year. As a result, the capital to asset ratio increased from 24.5% to 23.7% at the end of the current fiscal year.

FIVE-YEAR SUMMARY

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES (years ended March 31)

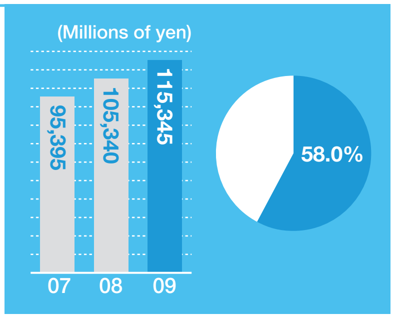
	Millions of yen				
	2009	2008	2007	2006	2005
Net sales	**¥198,798**	¥203,515	¥194,194	¥183,747	¥185,442
Net income (loss)	**(1,083)**	2,405	2,314	3,252	5,113
Net income (loss) per share (yen)	**(4.77)**	10.59	10.18	14.12	22.33
Cash dividends paid	**908**	1,363	1,137	909	682
Depreciation and amortization	**7,797**	6,334	4,369	3,872	3,906
Total assets	**214,165**	236,415	223,386	201,274	180,595
Net property, plant and equipment	**65,909**	66,822	61,523	46,501	35,838
Shareholders' equity per share (yen)	**223.35**	255.31	272.20	265.64	232.19

OPERATIONAL REVIEW

Social Infrastructure Systems

This segment includes business related to the construction of social infrastructure. We provide solution services of all kinds in relation to electric power quality, energy conservation, and related matters, and we engage in the manufacturing and marketing of all types of electrical equipment involved in power generation, transmission, transforming, distribution, and other related functions, for power companies, government and other public agencies and offices, railroads, highways, private facilities, and other such establishments.

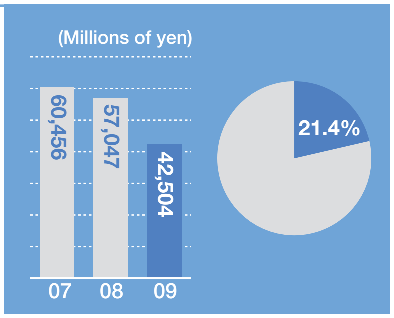
We are also involved in the field of water supply and sewerage treatment for local governments. Our activities include manufacturing and marketing products for the control of treatment equipment and processes of all kinds, and for the improvement of IT networks. We are further developing environmental solution services that include contracting for the maintenance management of water treatment plants, and so on.



Industrial Systems

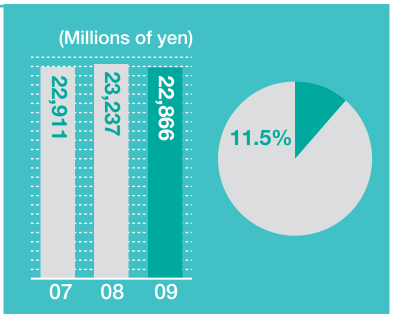
This segment includes business operations related to product systems used in the manufacturing industry, IT, and other general industry operations. In addition to providing private industry with power substations, motor vehicle testing systems, and logistics support systems, we engage in the manufacture and marketing of motors, inverters, and other products for use in textile machinery, elevators, and other such equipment.

We are active in the information and telecommuni-cations field, manufacturing and marketing component products for industrial computer and networking systems. We also provide IT solutions in an effort to promote the greater operational sophistication and efficiency of corporations and local governments through the use of IT.



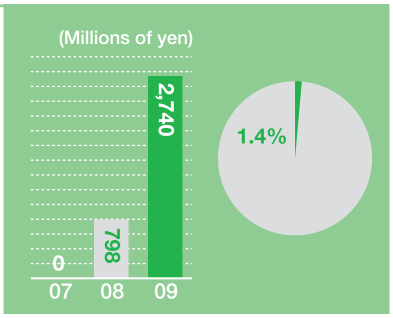
Engineering Systems

This segment provides services relating to the remote management and monitoring of facilities and the proposal of measures for extending the life of facilities, energy conservation, and other such services related primarily to the maintenance of products we supply. We also engage in the maintenance of semiconductor manufacturing equipment and the reconditioning of used manufacturing equipment.



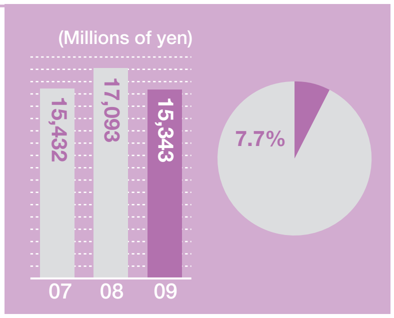
Real Estate

This segment includes rentals of real estate holdings, including ThinkPark (Osaki, Shinagawa City, Tokyo).



Others

This segment includes marketing companies not tied to specific business fields, and companies that contract accounting, payroll, and other administrative functions, as well as welfare services for employees.



CONSOLIDATED BALANCE SHEETS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES (as of March 31, 2009 and 2008)

	Millions of yen		Thousands of U.S. dollars (Note1)
	2009	2008	2009
Assets			
Current assets:			
Cash and time deposits (Note 15)	¥3,201	¥10,284	$32,663
Receivables:			
Trade notes	3,272	5,209	33,388
Trade accounts	58,571	64,060	597,663
Loans receivable and advances	2,886	4,294	29,449
Due from unconsolidated subsidiaries and affiliates	2,027	4,167	20,684
Allowance for doubtful accounts	(1,095)	(915)	(11,173)
Inventories (Note 4)	37,253	37,231	380,133
Deferred income taxes (Note 14)	3,602	2,829	36,755
Other current assets	3,599	4,015	36,724
Total current assets	113,316	131,174	1,156,286
Property, plant and equipment:			
Land (Note 7)	9,251	8,211	94,398
Buildings and structures (Notes 5 and 7)	72,602	71,566	740,837
Machinery and equipment (Notes 5 and 7)	55,745	54,169	568,827
Construction in progress	1,354	1,533	13,816
Less: Accumulated depreciation	(73,043)	(68,657)	(745,337)
Net property, plant and equipment	65,909	66,822	672,541
Investments and other assets:			
Investments securities (Notes 3 and 7)	13,948	19,870	142,327
Investments in unconsolidated subsidiaries and affiliates (Note 3)	8,924	9,600	91,061
Long-term loans receivable	387	423	3,949
Deferred income taxes (Note 14)	5,054	1,884	51,571
Other assets	6,714	6,737	68,510
Allowance for doubtful accounts	(87)	(95)	(888)
Total investments and other assets	34,940	38,419	356,530
Total assets	¥214,165	¥236,415	$2,185,357

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note1)
	2009	2008	2009
Liabilities and net assets			
Current liabilities:			
Short-term borrowings (Note 6)	¥42,698	¥14,349	$435,694
Commercial paper (Note 6)	—	30,000	—
Current portion of long-term debt (Notes 6 and 7)	6,255	2,435	63,827
Payables:			
Trade notes	6,882	8,347	70,224
Trade accounts	20,372	25,839	207,878
Due to unconsolidated subsidiaries and affiliates	3,804	7,052	38,816
Advances received from customers	11,247	13,392	114,765
Accrued income taxes	520	1,166	5,306
Accrued bonuses for employees	4,890	4,915	49,898
Provision for product warranties	551	28	5,622
Provision for loss on orders	679	—	6,929
Other current liabilities	20,272	21,234	206,857
Total current liabilities	118,170	128,757	1,205,816
Long-term liabilities:			
Long-term debt (Notes 6 and 7)	19,987	26,233	203,949
Employees' severance and retirement benefits (Note 8)	19,342	17,193	197,367
Reserve for retirement allowance for directors and corporate auditors	124	152	1,265
Provision for environmental measures	564	567	5,755
Deferred income taxes (Note 14)	85	30	867
Other Long-term liabilities	3,191	3,308	32,562
Total Long-term liabilities	43,293	47,483	441,765
Contingent liabilities (Note 10)			
Net assets (Notes 2 and 9):			
Common stock			
Authorized – 576,000,000 shares			
Issued and outstanding – 227,637,704 shares	17,070	17,070	174,184
Capital surplus	13,197	13,205	134,663
Retained earnings	19,180	21,625	195,714
Less:Treasury stock, at cost	(116)	(77)	(1,184)
Unrealized gains on securities, net of taxes	2,401	6,241	24,500
Unrealized losses on hedging derivatives, net of taxes	(82)	(65)	(836)
Foreign currency translation adjustment	(945)	3	(9,643)
Minority interests	1,997	2,173	20,378
Total net assets	52,702	60,175	537,776
Total liabilities and net assets	¥214,165	¥236,415	$2,185,357

CONSOLIDATED STATEMENTS OF OPERATIONS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES (years ended March 31, 2009, 2008 and 2007)

	Millions of yen			Thousands of U.S. dollars (Note1)
	2009	2008	2007	2009
Net sales (Note 13)	¥198,798	¥203,515	¥194,194	$2,028,551
Cost of sales (Notes 12 and 13)	158,403	159,094	152,731	1,616,357
Selling, general and administrative expenses (Notes 12 and 13)	36,310	36,835	35,238	370,510
Operating income	4,085	7,586	6,225	41,684
Other income (expenses):				
Interest and dividend income	545	548	471	5,561
Interest expense	(1,322)	(1,027)	(606)	(13,490)
Equity in net income of affiliated companies	150	344	180	1,531
Gain on sales of marketable securities and investment securities	11	242	272	112
Loss on devaluation of securities	(288)	(168)	(127)	(2,939)
Loss on disposal of inventories	(326)	(141)	(100)	(3,327)
Loss on disposal of fixed assets	(133)	(294)	(337)	(1,357)
Gain on sales of fixed assets	118	4	217	1,204
Provision of allowance for doubtful accounts	(487)	(16)	(294)	(4,969)
Loss on product warranties	(502)	—	—	(5,122)
Provision for product warranties	(522)	(53)	—	(5,327)
Development working expenses for the Osaki station west exit	—	—	(93)	—
Moving expenses of office	—	(657)	—	—
Restructuring charges on a consolidated subsidiary	(662)	(382)	—	(6,755)
Others	(2,045)	(1,690)	(873)	(20,867)
Income (loss) before income taxes and minority interests	(1,378)	4,296	4,935	(14,061)
Income taxes (Note 14):				
Current	891	2,143	1,325	9,092
Past	—	—	3,655	—
Deferred	(1,429)	(381)	(2,421)	(14,582)
Income (loss) before minority interests	(538)	1,762	2,559	(5,490)
Minority interests	243	129	62	2,480
Net income (loss) (Note 17)	¥(1,083)	¥2,405	¥2,314	$(11,051)

	Yen			U.S. dollars (Note1)
	2009	2008	2007	2009
Amounts per share of common stock (Notes 2 and 17):				
Net income (loss)	¥(4.77)	¥10.59	¥10.18	$(0.05)
Cash dividends applicable to the year	4.00	6.00	5.00	0.04

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY/CHANGES IN NET ASSETS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES (years ended March 31, 2009, 2008 and 2007)

		Millions of yen								
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustment	Minority interests	Total
Shareholders' equity at March 31, 2006 as previously reported	222,637,704	¥17,070	¥13,204	¥19,743	¥(32)	¥10,774	—	¥(342)	—	¥60,417
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006									1,948	1,948
Net assets at April 1, 2006	222,637,704	17,070	13,204	19,743	(32)	10,774	—	(342)	1,948	62,365
Net income				2,314						2,314
Cash dividends				(1,137)						(1,137)
Bonuses to directors and corporate auditors				(46)						(46)
Decrease in retained earnings due to addition of consolidated subsidiaries				(193)						(193)
Acquisition of treasury stock					(26)					(26)
Disposal of treasury stock			0		1					1
Net changes during the year						289	(37)	269	336	857
Balance at March 31, 2007	222,637,704	17,070	13,204	20,681	(57)	11,063	(37)	(73)	2,284	64,135
Net assets at April 1, 2007	222,637,704	17,070	13,204	20,681	(57)	11,063	(37)	(73)	2,284	64,135
Net income				2,405						2,405
Cash dividends				(1,136)						(1,136)
Decrease in retained earnings due to addition of consolidated subsidiaries				(325)						(325)
Acquisition of treasury stock					(24)					(24)
Disposal of treasury stock			1		4					5
Net changes during the year			1	944	(20)	(4,822)	(28)	76	(111)	(3,960)
Balance at March 31, 2008	**222,637,704**	**17,070**	**13,205**	**21,625**	**(77)**	**6,241**	**(65)**	**3**	**2,173**	**60,175**
Net assets at April 1, 2008	222,637,704	17,070	13,205	21,625	(77)	6,241	(65)	3	2,173	60,175
Effect of changes in accounting policies applied to foreign subsidiaries				1						1
Net income				(1,083)						(1,083)
Cash dividends				(1,363)						(1,363)
Decrease in retained earnings due to addition of consolidated subsidiaries										
Acquisition of treasury stock					(64)					(64)
Disposal of treasury stock			(8)		25					17
Net changes during the year						(3,840)	(17)	(948)	(176)	(4,981)
Balance at March 31, 2009	**222,637,704**	**¥17,070**	**¥13,197**	**¥19,180**	**¥(116)**	**¥2,401**	**¥(82)**	**¥(945)**	**¥1,997**	**¥52,702**

		Thousands of U.S. dollars (Note 1)								
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Foreign currency translation adjustment	Minority interests	Total
Net assets at April 1, 2008	222,637,704	$174,184	$134,745	$220,663	$(786)	$63,684	$(663)	$31	$22,173	$614,031
Effect of changes in accounting policies applied to foreign subsidiaries				10						10
Net income				(11,051)						(11,051)
Cash dividends				(13,908)						(13,908)
Decrease in retained earnings due to addition of consolidated subsidiaries										
Acquisition of treasury stock					(653)					(653)
Disposal of treasury stock			(82)		255					173
Net changes during the year						(39,184)	(173)	(9,674)	(1,795)	(50,826)
Balance at March 31, 2009	**222,637,704**	**$174,184**	**$134,663**	**$195,714**	**$(1,184)**	**$24,500**	**$(836)**	**$(9,643)**	**$20,378**	**$537,776**

CONSOLIDATED STATEMENTS OF CASH FLOWS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES (years ended March 31, 2009, 2008 and 2007)

	Millions of yen			Thousands of U.S. dollars (Note1)
	2009	2008	2007	**2009**
Operating activities:				
Income (loss) before income taxes and minority interests	**¥(1,378)**	¥4,296	¥4,935	**$(14,061)**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization	**7,797**	6,335	4,369	**79,561**
Increase (decrease) in allowances	**4,020**	1,891	(200)	**41,020**
Interest and dividend income	**(545)**	(548)	(471)	**(5,561)**
Equity in net loss (income) of affiliated companies	**(150)**	(344)	(180)	**(1,531)**
Interest expense	**1,322**	1,027	606	**13,490**
Gain on sales of marketable securities and investment securities	**(11)**	(242)	(272)	**(112)**
Gain on sales of fixed assets	**(118)**	(4)	(217)	**(1,204)**
Loss on disposal of fixed assets	**133**	294	337	**1,357**
Loss on devaluation of securities	**288**	168	124	**2,939**
Decrease (increase) in receivables	**6,368**	2,494	(8,466)	**64,980**
Decrease (increase) in inventories	**(995)**	(7,854)	(5,846)	**(10,153)**
Increase (decrease)in payables	**(8,491)**	(2,794)	6,412	**(86,643)**
Other-net	**1,239**	5,823	3,283	**12,642**
Sub-total	**9,479**	10,542	4,414	**96,724**
Interest and dividend received	**543**	532	473	**5,541**
Interest expense paid	**(1,259)**	(1,206)	(805)	**(12,847)**
Income taxes paid	**(1,509)**	(5,517)	(453)	**(15,398)**
Net cash provided by operating activities	**7,254**	4,351	3,629	**74,020**
Investing activities:				
Purchase of marketable securities and investment securities	**(786)**	(492)	(585)	**(8,020)**
Proceeds from sales of marketable securities and investment securities	**20**	260	526	**204**
Purchase of property, plant and equipment	**(7,038)**	(12,647)	(20,312)	**(71,816)**
Proceeds from sales of property, plant and equipment	**140**	65	28	**1,429**
Proceeds from sale of investment in consolidated subsidiary in resulting change in scope of consolidation	**—**	56	—	**—**
Other-net	**(1,117)**	(112)	(1,214)	**(11,399)**
Net cash used in investing activities	**(8,781)**	(12,870)	(21,557)	**(89,602)**
Financing activities:				
Increase (decrease) in short-term bank loans	**28,663**	4,791	(5,870)	**292,480**
Increase (decrease) in commercial paper	**(30,000)**	10,000	10,000	**(306,122)**
Proceeds from long-term debt	**50**	830	16,170	**510**
Repayment of long-term debt	**(2,435)**	(1,516)	(6,358)	**(24,847)**
Cash dividends paid	**(1,388)**	(1,125)	(1,126)	**(14,163)**
Other-net	**(73)**	137	186	**(746)**
Net cash provided by (used in) financing activities	**(5,183)**	13,117	13,002	**(52,888)**
Effects of exchange rate changes on cash and cash equivalents	**(336)**	71	175	**(3,428)**
Net increase (decrease) in cash and cash equivalents	**(7,046)**	4,669	(4,751)	**(71,898)**
Cash and cash equivalents at beginning of year	**10,169**	5,486	10,081	**103,765**
Increase in cash and cash equivalents due to addition of consolidated subsidiaries	**—**	14	156	**—**
Cash and cash equivalents at end of year (Note 15)	**¥3,123**	¥10,169	¥5,486	**$31,867**

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES

1. Basis of Presenting ConsolidatedFinancial Statements

The accompanying consolidated financial statements of Meidensha Corporation (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law 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.

Prior to the year ended March 31, 2009, the accounts of consolidated overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 2(v)(1), the accounts of consolidated overseas subsidiaries for the year ended March 31, 2009, are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable.

The accompanying consolidated financial statements have been reformatted and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements.

As discussed in Note 2 (c), the consolidated statement of changes in net assets for the year ended March 31, 2007, has been prepared in accordance with the new accounting standard. The accompanying consolidated statement of shareholders' equity for the year ended March 31, 2006, was voluntarily prepared for the purpose of inclusion in the consolidated financial statements, although such statements were not required to be filed with the Local Finance Bureau.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2009, which was ¥98 to U.S. $1. The convenience translations should not be construed as representations of what the Japanese yen amounts have been, could have been, or could in the future when converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 38 consolidated subsidiaries in 2009 (38 in 2008 and 36 in 2007). All significant inter-company accounts and transactions have been eliminated in consolidation. The Company's remaining subsidiaries, whose total assets, sales, net income (loss) and retained earnings are not significant in the aggregate in relation to the comparable figures in the consolidated financial statements, have not been consolidated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value when the Company acquired control of the respective subsidiaries.

b) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively referred to as "the New Accounting Standards").

The consolidated balance sheet after March 31, 2007, prepared in accordance with the New Accounting Standards, is comprised of three sections covering assets, liabilities and net assets sections. The consolidated balance sheet as of March 31, 2006, prepared pursuant to the previous presentation rules is comprised of four sections covering assets, liabilities, minority interests and shareholders' equity.

Under the New Accounting Standards, the following items are presented differently at March 31, 2007 compared to March 31, 2006. The net assets section includes unrealized gains (losses) on hedging derivatives, net of taxes. Under the previous presentation rules, unrealized gains (losses) on hedging derivatives were included in the assets or liabilities section without considering the related income tax effects. Minority interest is included in the net assets section after March 31, 2007. Under the previous presentation rules, companies were required to present minority interests between the non-current liabilities and shareholders' equity sections.

The adoption of the New Accounting Standards had no impact on the consolidated statements of operations for the year ended March 31, 2007. Also, if the New Accounting Standards had not been adopted at March 31, 2007, the shareholders' equity amounting to ¥61,888 million would have been presented.

c) Accounting Standard for Statement of Changes in Net Assets

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Statement of Changes in Net Assets" (Statement No. 6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the Accounting Standards Board of Japan on December 27, 2005), (collectively referred to as "the Additional New Accounting Standards").

The Company prepared the accompanying consolidated statement of changes in net assets for the year after March 31, 2007, in accordance with the Additional New Accounting Standards.

d) Equity Method

Investments in affiliated companies (all 20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method in the years ended March 31, 2009, 2008 and 2007.

The equity method was applied to 5 affiliates and 1 unconsolidated subsidiary during the fiscal year 2009. The equity method was applied to 6 affiliates during the fiscal year 2008 and 5 affiliates during the fiscal year 2007. Investments in all unconsolidated subsidiaries and other affiliated companies, that would not have material effect on the consolidated financial statements, are stated at cost.

e) Securities

Securities are classified based on the intent of holding as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by non-consolidated subsidiaries and affiliated companies, or (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Company and its consolidated subsidiaries do not have trading securities and held-to-maturity debt securities. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at the moving-average cost. Available-for-sale securities with no available fair market values are stated at the moving-average cost.

If the market value of equity securities issued by unconsolidated subsidiaries and affiliated companies and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline unless the declines are considered temporary. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the statement of operations in the event net asset value declines significantly unless the decline is considered as recoverable.

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using the moving-average cost.

f) Derivatives and Hedge Accounting

Derivative financial instruments are stated at fair value, and the Company and its consolidated subsidiaries recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the corresponding losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

1. If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

(a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the statement of operations in the period which includes the inception date, and

(b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

2. If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

Commodity price swap transactions are used for the purpose of avoiding risks associated with fluctuations in the market prices of raw materials procured.

g) Inventories

Prior to April 1, 2008, inventories of the Company and its consolidated subsidiaries are stated at cost determined principally by the weighted-average method as to materials and supplies, and the specific identification method as to finished products and work-in-process. In the following paragraph, effective April 1, 2008, the Company and its consolidated subsidiaries adopted a new accounting standard for measurement of inventories, and the carrying amounts stated on the balance sheet have been calculated after a devaluation reflecting reduced profitability.

<**Changes in Accounting Policy**>

On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". As permitted under the superseded accounting standard, the Company and its consolidated subsidiaries previously stated inventories at cost. The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value.

Replacement cost may be used in lieu of the net realizable value, if appropriate.

As a result of the adoption of ASBJ Statement No. 9, operating income decreased by ¥835 thousand ($8,183 thousand), and loss before income taxes and minority interests increased by ¥835 thousand ($8,183 thousand) for the year ended March 31, 2009. The effects on segment information are described in Note 13.

h) Property, Plant and Equipment and Depreciation

The Company and its consolidated subsidiaries compute depreciation of the remaining assets principally by the declining-balance method at rates based on the useful lives and residual values determined in accordance with the Corporation Tax Law of Japan. However, the company computes depreciation by the straight-line method for buildings (exclusive of building improvements) acquired after March 31, 1998, and building improvements, structures and machinery belonging to the Company's Real Estate Division (Osaki, Shinagawa City, Tokyo).

<**Changes in Accounting Policy**>

Following the amendments of the Corporation Tax Law of Japan, the method of depreciation applied to the tangible fixed assets acquired by the Company and certain consolidated subsidiaries after April, 2007, was changed. Due to this change, for the year ended March 31, 2008, the operating income and income before income taxes and minority interests decreased by ¥212 thousand, compared with what would have been reported if the depreciation method prior to the change had been applied. The effects on segment information are described in Note 13.

<**Additional Information**>

Effective April 1, 2007, due to the amendment of the Corporation Tax Law of Japan, amounts of depreciation limit (5% of acquisition costs) of tangible fixed assets acquired by the Company and certain consolidated subsidiaries before April 1, 2007, are recognized as depreciation equally over five years commencing from the later of the year ended March 31, 2008, or the year immediately following the year in which depreciation has been recognized up to the depreciation limit. Due to the change, operating income and income before income taxes and minority interests decreased by ¥309 thousand for the year ended March 31, 2008. The effects on segment information are described in Note 13.

Effective from the year ended March 31, 2009, the Company and certain consolidated subsidiaries changed the useful lives based on the reassessment of the useful lives in light of the change in the Corporation Tax Law of Japan. As a result, operating income decreased by ¥454 thousand ($4,633 thousand), and loss before income taxes and minority interests increased by ¥454 thousand ($4,633 thousand) in the year ended March 31, 2009. The effects on segment information are described in Note 13.

i) Lease

Property, plant and equipment capitalized under finance lease arrangements are depreciated over the lease term of the respective assets up to no residual values. However, as permitted, finance leases commencing prior to April 1, 2008, which do not transfer ownership of the leased property to the lessee, are accounted for as operating leases with disclosure of certain "as if capitalized" information.

j) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide the allowance for doubtful accounts in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts.

k) Accrued Bonuses for Employees

The Company provides for the payment of employee bonuses, based on the estimated projected amounts for employee bonus payments.

l) Provision for Product Warranties

The Company and its consolidated subsidiaries make provision for product warranty by estimating individually the expected charge-free expenses.

m) Provision for Loss on Orders

The Company makes provision for losses on orders by estimating the expected losses incurred after the balance sheet date.

n) Provision for environmental measures

The "Law Concerning Special Measures against PCB (polychlorinated biphenyl) Waste" requires companies to responsibly dispose of PCB waste. The Company reserved an amount for estimated expenses to treat PCB waste in the year ended March 31, 2009 and 2008.

o) Reserve for Retirement Allowance for Directors and Corporate Auditors

Certain consolidated subsidiaries recorded 100% of obligation based on their rules and regulations under the assumption that all directors and corporate auditors retired at the balance sheet date.

p) Employees' Severance and Retirement Benefits

The Company and its consolidated subsidiaries provide two types of severance and retirement benefit plans, unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries provided allowance for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at each balance sheet date.

Prior service costs are recognized in expenses in equal amounts over the average of the estimated remaining service lives of the employees (10 years), and actuarial gains and losses are recognized in income or expenses using the straight-line method over the average of the estimated remaining service lives (from 12 to 15 years) commencing with the following period.

The net transition obligation (¥38,222 million) has been recognized in expenses in equal amounts over 15 years.

q) Income Tax

The Company and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company and some subsidiaries adopted consolidated tax return system.

r) Interest Cost on Borrowing Included in Acquisition Cost of Fixed Assets

The company capitalizes interest cost on borrowing before the operation of the fixed asset as part of the cost of construction in progress on the Osaki Station West Exit Area Project. The capitalized interest cost recorded as a part of construction in progress for the year ended March 31, 2008 and 2007 were ¥214 million and ¥242 million, respectively.

s) Amounts per Share of Common Stock

The computation of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during the year.

For the years ended March 31, 2009, 2008 and 2007, diluted net income per share was not shown since the Company had no securities with dilutive effect. Cash dividends per share presented in the consolidated statements of operation represent actual amounts applicable to the respective years.

t) Statements of Cash Flows

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

u) Translation of Foreign Currency Accounts and Financial Statements

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the yearend rates.

Financial statements of consolidated overseas subsidiaries are translated into Japanese yen at the year-end rate, except that net asset accounts are translated at historical rates and statements of operations items resulting from transactions with the Company at the rates used by the Company.

Foreign currency translation adjustments resulting from translation of foreign currency financial statements were presented separately in the foreign currency translation adjustment and minority interests in the consolidated balance sheets.

v) Change in accounting policies

1) Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

On March 17, 2006, the Accounting Standards Board of Japan issued Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impact on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

① Goodwill not subject to amortization
② Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss
③ Capitalized expenditures for research and development activities
④ Fair value measurement of investment properties, and revaluation of property, plant and equipment and intangible assets
⑤ Retrospective treatment of a change in accounting policies
⑥ Accounting for net income attributable to minority interests

There were no material effects as a result of the adoption of PITF No. 18 on the consolidated financial statements for the year ended March 31, 2009.

2) New accounting standards for lease transactions as lessee

Prior to April 1, 2008, the Company and its consolidated subsidiaries accounted for finance leases that do not transfer ownership of the leased property to the lessee as operating leases with disclosure of certain "as if capitalized" information in the notes to the consolidated financial statements.

On March 31, 2007, the Accounting Standards Board of Japan issued Statement No. 13, "Accounting Standard for Lease Transactions" and Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions". The new accounting standards require that all finance lease transactions be treated as capital leases.

Effective April 1, 2008, the Company and its consolidated subsidiaries adopted the new accounting standards for finance leases commencing after March 31, 2008, and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases. As permitted, finance leases that commenced prior to April 1, 2008, and that have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of certain "as if capitalized" information.

There were no material effects as a result of the adoption of No. 13 and 16 on the consolidated financial statements for the year ended March 31, 2009.

3. Securities

A. The following tables summarize acquisition costs and book values of securities with fair value as of March 31, 2009 and 2008.

	Millions of yen		
2009	Acquisition cost	Book value	Difference
Securities with book value (fair value) exceeding acquisition cost:			
Equity securities	¥7,019	¥11,469	¥4,450
Total	¥7,019	¥11,469	¥4,450
Securities with book value (fair value) not exceeding acquisition cost:			
Equity securities	¥2,263	¥1,736	¥(527)
Others	55	49	(6)
Total	¥2,318	¥1,785	¥(533)

	Millions of yen		
2008	Acquisition cost	Book value	Difference
Securities with book value (fair value) exceeding acquisition cost:			
Equity securities	¥8,149	¥18,532	¥10,383
Total	¥8,149	¥18,532	¥10,383
Securities with book value (fair value) not exceeding acquisition cost:			
Equity securities	¥673	¥569	¥(104)
Others	55	52	(3)
Total	¥728	¥621	¥(107)

	Thousands of U.S. dollars		
2009	Acquisition cost	Book value	Difference
Securities with book value(fair value) exceeding acquisition cost:			
Equity securities	$71,622	$117,031	$45,409
Total	$71,622	$117,031	$45,409
Securities with book value(fair value) not exceeding acquisition cost:			
Equity securities	$23,092	$17,714	$(5,378)
Others	561	500	(61)
Total	$23,653	$18,214	$5,439

B. The following table summarizes book values of securities with no fair value as of March 31, 2009 and 2008.

(a) Available-for-sale securities;

	Book value		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Non-listed equity securities	**¥694**	¥717	**$7,082**

(b) Equity securities issued by subsidiaries and affiliated companies;

	Book value		
	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Investments in unconsolidated subsidiaries	**¥174**	¥314	**$1,775**
Investments in affiliated companies	**8,750**	9,286	**89,286**
Total	**¥8,924**	¥9,600	**$91,061**

C. Total sales amounts of available-for-sale securities sold, gains and losses, in the years ended March 31, 2009, 2008 and 2007 are as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Sales amount	¥21	¥260	¥311	$214
Gains	11	242	272	112
Losses	—	—	—	—

4. Inventories

Inventories as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Finished products	**¥4,849**	¥3,657	**$49,480**
Work-in-process	**30,501**	31,927	**311,235**
Materials and supplies	**1,903**	1,647	**19,418**
Total	**¥37,253**	¥37,231	**$380,133**

5. Subsidies Received from the Japanese Government

The Company received a portion of the acquisition costs of certain tangible fixed assets from the Japanese Government. The aggregated amount of the subsidies deducted from the acquisition costs of the tangible fixed assets as of March 31, 2009, and 2008, were ¥1,331 million ($13,582 thousand).

6. Short-Term Borrowings, Long-Term Debt and Commercial Paper

Short-term borrowings are bank loans and represented by notes. The weighted average interest rate was 1.4% as of March 31, 2009 and 1.5% as of March 31, 2008, respectively.

Long-term debt and commercial paper as of March 31, 2009 and 2008 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
1.1% to 2.8% loans from banks and insurance companies	**¥26,242**	¥28,668	**$267,776**
Less: Current portion	**6,255**	2,435	**63,827**
Total	**¥19,987**	¥26,233	**$203,949**
Commercial paper, bearing interest rates of 0.8%	—	¥30,000	—

The annual maturities of long-term debts as of March 31,2009 were as follows:

Year ended March 31	Millions of yen	Thousands of U.S. dollars
2010	¥6,255	$63,827
2011	4,450	45,408
2012	2,958	30,184
2013	2,593	26,459
2014	1,822	18,592
2015 and thereafter	8,164	83,306

Commitment Line Agreement

The Company renewed an agreement with a syndicate of 15 Japanese banks to set up a commitment line by multiple finance institutions for Meidensha Corporation in Japan.

The unexecuted balance of lending commitments at the company as of March 31,2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Total lending commitments	**¥30,000**	¥35,000	**$306,123**
Less amounts currently executed	**15,600**	12,600	**159,184**
Unexecuted balance	**¥14,400**	¥22,400	**$146,939**

7. Pledged Assets

The following assets were pledged as collateral as of March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Land	**¥1,479**	¥1,479	**$15,092**
Buildings and structures	**20,836**	21,691	**212,612**
Machinery and equipment	**—**	323	**—**
Investment securities	**12**	20	**123**
Total	**¥22,327**	¥23,513	**$227,827**

Obligation with collateral pledged as of March 31,2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Long-term debt (Including current portion of long-term debt)	**¥12,600**	¥14,000	**$128,571**

In addition to the above, investment securities of ¥2 million ($20 thousand) as of March 31, 2009 and 2008 were pledged as collateral for borrowing from financial institutions by an affiliate.

An affiliate engaged in the wind farm business has a project finance loan that is secured by pledged business assets amounting to ¥1,980 million ($20,204 thousand) and ¥2,150 million as of March 31, 2009 and 2008, respectively.

Total business assets of this affiliate are amounting to ¥3,003 million ($30,643 thousand) and ¥3,237 million as of March 31, 2009 and 2008, respectively.

8. Employees' Severance and Retirement Benefits

The Company and its consolidated subsidiaries adopted the accounting standard for employees' severance and retirement benefits, under which the liabilities and expenses for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2009 and 2008 consist of the following.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Projected benefit obligation	**¥54,984**	¥53,475	**$561,061**
Unrecognized prior service costs	**1,400**	1,737	**14,286**
Unrecognized actuarial differences	**(9,589)**	(6,105)	**(97,847)**
Less fair value of pension assets	**(17,273)**	(20,037)	**(176,255)**
Less unrecognized net transition obligation	**(10,180)**	(11,877)	**(103,878)**
Liability for severance and retirement benefits	**¥19,342**	¥17,193	**$197,367**

Included in the consolidated statements of income for the years ended March 31, 2009, 2008 and 2007 are severance and retirement benefit expenses comprising the following.

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Service costs - benefits earned during the year	**¥2,287**	¥2,243	¥2,080	**$23,337**
Interest cost on projected benefit obligation	**1,392**	1,344	1,226	**14,204**
Expected return on plan assets	**(575)**	(656)	(495)	**(5,867)**
Amortization of prior service costs	**(337)**	(337)	(405)	**(3,439)**
Amortization of net transition obligation	**1,697**	1,698	1,698	**17,316**
Amortization of actuarial defferences	**593**	268	290	**6,051**
Severance and retirement benefit expenses	**¥5,057**	¥4,560	¥4,394	**$51,602**

The discount rate and the rate of expected return on plan assets used by the Company and its consolidated subsidiaries are 2.7% and 3.0% for 2009, 2008 and 2007, respectively.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. (i) Severance and retirement benefit expenses of consolidated subsidiaries using the simplified method are included in the "Service Costs" above, excluding the amortization of net transition obligation. (ii) Major expenses of the universally-established welfare program service are included in the "Service Costs" above.

9. Net Assets

The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholder's meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 26, 2009, the shareholders approved cash dividends amounting to 908 million ($9,265 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2009. Such appropriations are recognized in the period in which they are approved by the shareholders.

10. Contingent Liabilities

Contingent liabilities as of March 31, 2009 and 2008, were as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Repurchase of note discounted and endorsed	**¥56**	¥88	**$571**
Guarantees of loans from banks to employees and unconsolidated subsidiaries and affiliates	**245**	392	**2,500**

11. Lease Information

(1) Finance leases, which do not transfer ownership of properties to lessees, are not capitalized and are accounted for in the same manner as operating leases. Certain related information are summarized as follows:

(i) Assumed amounts (inclusive of interest) of acquisition cost, accumulated depreciation and net book value as of March 31, 2009 and 2008, are summarized as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Assumed acquisition cost			
Machinery and equipment	¥1,310	¥1,489	$13,367
Others	124	207	1,266
Accumulated depreciation	(769)	(851)	(7,847)
Net book value	¥665	¥845	$6,786

(ii) Future minimum lease payments, inclusive of interest, as of March 31, 2009 and 2008 totaled ¥665 million ($6,786 thousand) and ¥845 million, including ¥127 million ($1,296 thousand) and ¥180 million due within one year, respectively.

(iii) Lease payments, which are equal to assumed depreciation charges for the years ended March 31, 2009, 2008 and 2007 were ¥179 million ($1,827 thousand), ¥229 million and, ¥192 million, respectively.

(iv) Assumed depreciation charges are computed using the straight-line method over lease terms assuming no residual value.

(2) Future lease receivable under non-cancelable operating leases as lessor as of March 31, 2009 and 2008 totaled ¥14 million ($143 thousand) and ¥51 million due within one year, respectively.

As discussed in Note 2 v), effective for the year ended March 31, 2009, the Company and its consolidated subsidiaries adopted the new accounting standard for leases to recognize leased property and lease obligations on the balance sheet. Finance leases commencing prior to April 1, 2008, which do not transfer ownership of the leased property to the lessee, are accounted for as operating leases.

12. Research and Development Expenses

Research and development expenses are charged to income as incurred. The amounts charged to income for the years ended March 31, 2009, 2008 and 2007 were ¥6,939 million ($70,806 thousand), ¥6,530 million, and ¥6,041 million, respectively.

13. Segment Information

Industry segments:

The Company and its consolidated subsidiaries operate principally in five industrial sectors: Social Infrastructure Systems, Industrial Systems, Engineering, Real Estate and Other sectors.

Effective for the year ended March 31, 2008, the Company has changed its classification of businesses. The Real Estate business which was included in the other sectors for the year ended March 31, 2007, is disclosed as a separate segment because Real Estate business become material.

The information on business segments for the years ended March 31, 2009, 2008 and 2007 is summarized as follows:

Year ended March 31, 2009	Millions of yen							
	Social Infrastructure Systems	Industrial Systems	Engineering	Real Estate	Others	Total	Eliminations or Corporate	Consolidated
Net sales:								
Outside customers	¥115,345	¥42,504	¥22,866	¥2,740	¥15,343	¥198,798	—	¥198,798
Inter-segment	6,819	5,537	665	263	11,243	¥24,527	(24,527)	—
Total	**122,164**	**48,041**	**23,531**	**3,003**	**26,586**	**223,325**	**(24,527)**	**198,798**
Operating expenses	119,101	48,476	22,165	2,102	26,284	218,128	(23,415)	194,713
Operating income (loss)	¥3,063	¥(435)	¥1,366	¥901	¥302	¥5,197	¥(1,112)	¥4,085
Identifiable assets	¥76,999	¥46,687	¥13,415	¥23,824	¥10,338	¥171,263	¥42,902	¥214,165
Depreciation and amortization	2,760	1,348	305	927	216	5,556	2,241	7,797
Capital expenditures	1,770	3,159	156	442	411	5,938	2,280	8,218

Year ended March 31, 2008	Millions of yen							
	Social Infrastructure Systems	Industrial Systems	Engineering	Real Estate	Others	Total	Eliminations or Corporate	Consolidated
Net sales:								
Outside customers	¥105,340	¥57,047	¥23,237	¥798	¥17,093	¥203,515	—	¥203,515
Inter-segment	5,910	6,665	510	241	12,001	25,327	(25,327)	—
Total	**111,250**	**63,712**	**23,747**	**1,039**	**29,094**	**228,842**	**(25,327)**	**203,515**
Operating expenses	107,554	61,438	22,094	902	28,331	220,319	(24,390)	195,929
Operating income (loss)	¥3,696	¥2,274	¥1,653	¥137	¥763	¥8,523	¥(937)	¥7,586
Identifiable assets	¥77,987	¥56,738	¥14,654	¥24,202	¥5,917	¥179,498	¥56,917	¥236,415
Depreciation and amortization	2,256	1,017	334	549	206	4,362	1,972	6,334
Capital expenditures	1,908	2,219	117	4,796	450	9,490	4,662	14,152

Year ended March 31, 2007	Millions of yen							
	Social Infrastructure Systems	Industrial Systems	Engineering	Real Estate	Others	Total	Eliminations or Corporate	Consolidated
Net sales:								
Outside customers	¥95,395	¥60,456	¥22,911	—	¥15,432	¥194,194	—	¥194,194
Inter-segment	5,126	6,497	394	259	9,113	21,389	(21,389)	—
Total	**100,521**	**66,953**	**23,305**	**259**	**24,545**	**215,583**	**(21,389)**	**194,194**
Operating expenses	97,414	65,543	21,510	50	23,994	208,511	(20,542)	187,969
Operating income (loss)	¥3,107	¥1,410	¥1,795	¥209	¥551	¥7,072	¥(847)	¥6,225
Identifiable assets	¥75,996	¥51,107	¥18,288	¥598	¥31,928	¥177,917	¥45,469	¥223,386
Depreciation and amortization	1,683	754	317	—	142	2,896	1,473	4,369
Capital expenditures	2,795	812	294	13,511	158	17,570	3,944	21,514

Year ended March 31, 2009	Thousands of U.S. dollars							
	Social Infrastructure Systems	Industrial Systems	Engineering	Real Estate	Others	Total	Eliminations or Corporate	Consolidated
Net sales:								
Outside customers	$1,176,990	$433,714	$233,327	$27,959	$156,561	$2,028,551	—	$2,028,551
Inter-segment	69,582	56,500	6,786	2,684	114,724	250,276	(250,276)	—
Total	**1,246,572**	**490,214**	**240,113**	**30,643**	**271,285**	**2,278,827**	**(250,276)**	**2,028,551**
Operating expenses	1,215,317	494,653	226,174	21,449	268,203	2,225,796	(238,929)	1,986,867
Operating income (loss)	$31,255	$(4,439)	$13,939	$9,194	$3,082	$53,031	$(11,347)	$41,684
Identifiable assets	$785,704	$476,398	$136,888	$243,102	$105,490	$1,747,582	$437,775	$2,185,357
Depreciation and amortization	28,163	13,755	3,112	9,459	2,205	56,694	22,867	79,561
Capital expenditures	18,061	32,235	1,592	4,510	4,194	60,592	23,265	83,857

The above Industry segment information for the year ended March 31, 2007 was restated based on the new classification.

Changes in Accounting Policy

As noted in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS" 2 g), the Company and its consolidated subsidiaries have applied Accounting Standard for Measurement of Inventories, effective from the year ended March 31, 2009. As a result, operating expenses in this consolidated accounting period increased by ¥654 million ($6,673 thousand) in Social Infrastructure Systems business, ¥130 million ($1,327 thousand) in Industrial Systems business, ¥50 million ($510 thousand) in Engineering business, and ¥1 million ($10 thousand) in Other businesses. Operating profits also decreased by same amount.

As noted in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS" 2 h), with the revision of the Corporation Tax Law in FY2007 from the beginning of the current consolidated accounting period, the depreciation method for property, plants, and equipment acquired on or after April 1, 2007 has been changed to one based on the revised Corporation Tax Law. As a result, operating expenses in this consolidated accounting period increased by ¥82 million in Social Infrastructure Systems business, ¥43 million in Industrial Systems business, ¥7 million in Engineering business, ¥13 million in Real Estate business, and ¥4 million in Other businesses. 'Eliminations or corporate' increased by ¥64 million and operating profits also decreased by same amount.

Additional Information

As noted in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS" 2 h), with the revision of the Corporation Tax Law in FY2008 from the beginning of the current consolidated accounting period, the depreciation method for property, plants, and equipment acquired on or after April 1, 2008 has been changed to one based on the revised Corporation Tax Law. As a result, operating expenses for the current consolidated accounting year increased by ¥266 million ($2,714 thousand) for Social Infrastructure Systems business, ¥138 million ($1,408 thousand) for Industrial Systems business, ¥17 million ($173 thousand) for Engineering business, and ¥1 million ($10 thousand) for Other businesses. 'Eliminations or corporate' increased by ¥33 million ($337 thousand) and operating profits also decreased by same amount.

As noted in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS" 2 h), with the revision of the Corporation Tax Law in FY2007, due to the application of depreciation methods based on the Corporation Tax Law prior to its revision, property, plant and equipment acquired on or before March 31, 2007, was treated as follows: Beginning with the next consolidated accounting year after the consolidated accounting year in which the value reaches 5% of the acquisition price, the difference between 5% of the acquisition price and the memorandum price was amortized in equal amounts over a five-year period and included in the posting of depreciation expenses. As a result, operating expenses for the current consolidated accounting year increased by ¥159 million for Social Infrastructure Systems business, ¥80 million for Industrial Systems business, ¥15 million for Engineering business, and ¥4 million for Other businesses. 'Eliminations or corporate' increased by ¥52 million and operating profits also decreased by same amount.

Geographic information :

Geographic information is not disclosed due to its insignificance.

Overseas sales information:

Overseas sales information for the year ended March 31, 2009, and 2008 and 2007 are as follows:

	Millions of yen		
Year ended March 31, 2009	Asia	Other Areas	Total
Overseas sales	¥27,393	¥4,260	¥31,653
Consolidated sales	—	—	¥198,798
Percentage of total sales	13.8	2.1	15.9

	Millions of yen		
Year ended March 31, 2008	Asia	Other Areas	Total
Overseas sales	¥31,325	¥2,773	¥34,098
Consolidated sales	—	—	¥203,515
Percentage of total sales	15.4	1.4	16.8

	Millions of yen		
Year ended March 31, 2007	Asia	Other Areas	Total
Overseas sales	¥21,146	¥3,628	¥24,774
Consolidated sales	—	—	¥194,194
Percentage of total sales	10.9	1.9	12.8

	Thousands of U.S. dollars		
Year ended March 31, 2009	Asia	Other Areas	Total
Overseas sales	$279,520	$43,470	$322,990
Consolidated sales	—	—	$2,028,551
Percentage of total sales	13.8	2.1	15.9

14. Income Taxes

The Company and its consolidated subsidiaries are subject to a number of taxes based on income, which in aggregate, resulted in normal statutory tax rates of approximately 39.69% for the years ended March 31, 2009, 2008 and 2007, respectively.

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the years ended March 31, 2008 and 2007.

	2009	2008	2007
Statutory tax rate	39.69%	39.69%	39.69%
Permanent difference (social expenses,etc.)	Intentionally omitted	3.25	5.99
Per capital inhabitant tax		2.60	2.39
Net changes in valuation allowance		1.37	1.52
Equity in loss (income) of affiliated companies		(3.18)	(1.44)
Tax deduction		(4.29)	(7.41)
Additional taxes		—	7.58
Other-net		1.57	3.54
Effective tax rate	39.05%	41.01%	51.86%

Notes for 2009 on the above table were omitted due to the immaterial differences between the statutory tax rates and the Company's effective tax rates.

Significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S.dollars
	2009	2008	**2009**
Deferred tax assets:			
Net operating loss carry forwards	**¥663**	¥172	**$6,765**
Allowance for retirement benefits	**7,118**	6,330	**72,633**
Bonuses	**1,921**	1,922	**19,602**
Others	**3,364**	2,676	**34,327**
Gross deferred tax assets	**13,066**	11,100	**133,327**
Less:Valuation allowance	**(1,453)**	(1,091)	**(14,827)**
Total deferred tax assets	**11,613**	10,009	**118,500**
Deferred tax liabilities:			
Reserve for special depreciation	**260**	101	**2,653**
Unrealized holding gains on securities	**1,558**	4,081	**15,898**
Deferred gain from division of corporation	**1,131**	1,131	**11,541**
Others	**94**	12	**959**
Gross deferred tax liabilities	**3,043**	5,325	**31,051**
Net deferred tax assets	**¥8,570**	¥4,684	**$87,449**

15. Cash and Cash Equivalents

A. Reconciliations of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Cash and time deposits	**¥3,201**	¥10,284	**$32,663**
Time deposits with maturities exceeding three months	**(78)**	(115)	**(796)**
Cash and cash equivalents	**¥3,123**	¥10,169	**$31,867**

B. In the year ended March 31 2008, the Company sold a part of shares of MEIDEN HOIST SYSTEM COMPANY, LTD. and excluded MEIDEN HOIST SYSTEM COMPANY, LTD. from the scope of consolidation. The assets and liabilities amounts of MEIDEN HOIST SYSTEM COMPANY, LTD. related to the sales prices of shares and proceeds from the sale of the investment were as follows:

MEIDEN HOIST SYSTEM COMPANY, LTD. (as of March 31, 2008)

	Millions of yen
Current assets	**¥2,001**
Non-current assets	**51**
Current liabilities	**(1,416)**
Non-current liabilities	**(28)**
Minority interests	**(511)**
Gain on sale of investments in affiliate	**152**
Sales price of shares	**249**
Cash and cash equivalents owned by the subsidiary	**(193)**
Proceeds from sale of investment in consolidated subsidiary resulting in change in scope of consolidation	**56**

16. Related Party Transactions

Information on related party transactions for the years ended March 31, 2009, 2008 and 2007, and the related amounts as of those dates is summarized as follows:

	Millions of yen	
Year ended March 31, 2009	Purchase of finished products	Accounts payable
Japan AE Power Systems Corporation	¥11,272	¥3,233

	Millions of yen	
Year ended March 31, 2008	Purchase of finished products	Accounts payable
Japan AE Power Systems Corporation	¥10,042	¥3,069
Japan Motor & Generator Co., Ltd.	7,620	2,702

	Millions of yen	
Year ended March 31, 2007	Purchase of finished products	Accounts payable
Japan AE Power Systems Corporation	¥7,044	¥2,525
Japan Motor & Generator Co., Ltd.	6,372	2,320

Year ended March 31, 2009	Thousands of U.S. dollars	
	Purchase of finished products	Accounts payable
Japan AE Power Systems Corporation	$115,020	$32,990

Additional Information :

ASBJ Statement No.11, “Accounting Standard for Related Party Disclosures” and ASBJ Guidance No.13, “Guidance on Accounting Standard for Related Party Disclosures” issued by the Accounting Standards Board of Japan on October 17, 2006, require certain additional related party disclosures effective for years beginning on or after April 1, 2008. Even pursuant to the new accounting standard, applicable related parties within the new definition of additional related party disclosures, remain unchanged from the previous year as per above.

17. Net Income (Loss) per Share

The basis of per share amount calculation for the year ended March 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	**2009**
Basic earnings per share:				
Net income (loss)	**¥(1,083)**	¥2,405	¥2,314	**$(11,051)**
Earnings not attributable to common shareholders	—	—	—	—
Net income (loss) allocated to common stocks	**(1,083)**	2,405	2,314	**(11,051)**

Diluted net income per share is not presented, since the Company has never issued any dilutive securities.

	Thousands of shares		
	2009	2008	2007
Weighted-average number of common stocks	**227,110**	227,195	227,258

18. Subsequent Event

The following appropriation of retained earnings at March 31, 2009 was approved at the annual meeting of the Company’s shareholders held on June 26, 2009.

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥4.0 ($0.041) per share	¥908	$9,265

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of MEIDENSHA CORPORATION:

We have audited the accompanying consolidated balance sheets of MEIDENSHA CORPORATION and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended March 31, 2009, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently 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 financial position of MEIDENSHA CORPORATION and subsidiaries as of March 31, 2009 and 2008, and the 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009, are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Tokyo, Japan
June 26, 2009

KPMG AZSA & Co.

OVERSEAS AFFILIATES

(AS OF JULY, 2009)

CHINA

DONGGUAN MEIDEN ELECTRICAL ENGINEERING CO., LTD.

Yan Wu Industrial District,
Wan Jiang Country, Dongguan,
Guangdong P.C. 523049, P.R.China

Phone: 86-769-2228-5210
Facsimile: 86-769-2228-5250

MEIDEN HANGZHOU DRIVE SYSTEMS CO., LTD.

No.168, Hongxing Road, Qiaonan
District, Xiaoshan Economic &
Technological Development Zone,
Hangzhou, Zhejiang, P.C. 311231
P.R.Chaina

Phone: 86-571-8369-6808
Facsimile: 86-571-8369-6818

MEIDEN ZHENGZHOU ELECTRIC CO., LTD.

No.87 Hehuan Street,
Zhengzhou Hi-Tech Industries
Development Zone,
Zhengzhou, Henan Province,
P.C. 450001, P.R.China

Phone: 86-371-67848800
Facsimile: 86-371-67848797

MEIDEN SHANGHAI CO., LTD.

15F, Hengji Plaza, No.99
Huaihai-Donglu, Huangpu-Qu,
Shanghai, P.C. 200021, P.R.China

Phone: 86-21-6386-0358
Facsimile: 86-21-6386-0058

HONG KONG

MEIDEN PACIFIC (CHINA) LTD.

Unit 01-02A, 16/F, Tower 1, Ever
Gain Plaza, 88 Container Port Road,
Kwai Chung, N.T., Hong Kong

Phone: 852-2503-2468
Facsimile: 852-2887-8046

INDIA

MEIDEN INDIA PVT. LTD.

910, International Trade Tower,
Nehru Place, New Delhi-110019,
India

Phone: 91-11-4653-9381
Facsimile: 91-11-4653-9385

INDONESIA

P.T. MEIDEN ENGINEERING INDONESIA

20th Floor, Summitmas I,
Jl. Jenderal Sudirman Kaveling 61-62,
P.O.BOX 6920/KBY/Summitmas I
Jakarta Selatan 12190, Indonesia

Phone: 62-21-520-0612
Facsimile: 62-21-520-0240

KOREA

MEIDEN KOREA CO., LTD.

Royal Building No.410,
5 Dangju-Dong, Chongro-ku,
Seoul, Korea

Phone: 82-2-736-0232
Facsimile: 82-2-736-0234

MALAYSIA

MEIDEN ELECTRIC ENGINEERING SDN. BHD.

G. 03, Ground Floor,
Wisma Academy, 4A, Jalan 19/1,
46300 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

Phone: 60-3-7955-4646
Facsimile: 60-3-7954-6466

MEIDEN ASIA PTE. LTD. MALAYSIA BRANCH OFFICE

G. 03, Ground Floor,
Wisma Academy, 4A, Jalan 19/1,
46300 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

Phone: 60-3-7955-4646
Facsimile: 60-3-7954-6466

SINGAPORE

MEIDEN ASIA PTE. LTD.

5, Jalan Pesawat, Jurong Industrial Estate, Singapore 619363

Phone: 65-6268-8222
Facsimile: 65-6264-4292

MEIDEN SINGAPORE PTE. LTD.

5, Jalan Pesawat, Jurong Industrial Estate, Singapore 619363

Phone: 65-6268-8222
Facsimile: 65-6264-4292

THAILAND

THAI MEIDENSHA CO., LTD.

15th Floor, Rasa Tower II,
555 Phaholyothin Road, Chatuchak,
Chatuchak, Bangkok 10900,
Thailand

Phone: 66-2792-4200
Facsimile: 66-2792-4299

MEIDEN ELECTRIC (THAILAND) LTD.

898 Moo 2, Bangpa-in Industrial Estate, Udomsorayuth Road.,
Klongjig, Bangpa-in, Ayudhaya
13160, Thailand

Phone: 66-35-258258
Facsimile: 66-35-221388

UNITED ARAB EMIRATES

MEIDENSHA CORPORATION

Room 905, Al Reem Tower
Al Maktoum Street, Deira,
P.O.Box 117841, Dubai,
United Arab Emirates

Phone: 971-4-229-9653
Facsimile: 971-4-229-9654

THE UNITED KINGDOM

MEIDEN EUROPE LTD.

NYK Complex Bradbourne Drive,
Tilbrook, Milton Keynes MK7 8BN,
England, U.K.

Phone: 44-1908-276000
Facsimile: 44-1908-276010

THE UNITED STATES

MEIDEN AMERICA, INC.

15800 Centennial Drive, Northville Township, MI 48168, U.S.A.

Phone: 1-734-656-1400
Facsimile: 1-734-459-1863

MEIDEN TECHNICAL CENTER NORTH AMERICA LLC

15800 Centennial Drive, Northville Township, MI 48168, U.S.A.

Phone: 1-734-656-1400
Facsimile: 1-734-459-1863

CONSOLIDATED SUBSIDIARY COMPANIES

MEIDEN SHOJI Co., Ltd.
Capital ¥300 million
Sales of electric products and components
Mitomi New Building, 20-18,
Ebisu 1-chome, Shibuya-ku,
Tokyo 150-0013 Japan
Phone: 3-5449-3700 Fax: 3-5449-3701

Kofu Meidensha Electric Mfg. Co., Ltd.
Capital ¥400 million
Manufacture and sales of electric motors
825 Nakadate, Chuo-shi,
Yamanashi 409-3801 Japan
Phone: 55-274-7910 Fax: 55-274-7996

Meiden Plant Engineering & Construction Co., Ltd.
Capital ¥130 million
Constructing service
Meiko Building, 5-5, Osaki 5-chome,
Shinagawa-ku, Tokyo 141-8616 Japan
Phone: 3-5487-6426 Fax: 3-5487-6487

MEIDEN CHEMICAL CO., LTD.
Capital ¥95 million
Insulating varnish and molded instrument transformer
515, Kaminakamizo, Higashimakado-aza,
Numazu-shi, Shizuoka 410-0865 Japan
Phone: 55-923-0238 Fax: 55-923-0886

MEIDEN KOHSAN CO., LTD.
Capital ¥100 million
Sales of products and materials, and agent service of insurance
Meiko Building, 5-5, Osaki 5-chome,
Shingawa-ku, Tokyo 141-8616 Japan
Phone: 3-3490-3737 Fax: 3-3490-3906

MEIDEN SOFTWARE CORPORATION
Capital ¥50 million
Engineering and programming of software
515, Kaminakamizo, Higashimakado-aza,
Numazu-shi, Shizuoka 410-0865 Japan
Phone: 55-923-4966 Fax: 55-923-1191

MEIDEN FOUNDRY INDUSTRIAL Co., Ltd.
Capital ¥50 million
Casting
4, Nyogetsu, Heisaka-cho, Nishio-shi,
Aichi 444-0305 Japan
Phone: 563-59-6181 Fax: 563-59-4132

MEIDEN SYSTEM ENGINEERING Co., Ltd.
Capital ¥50 million
System engineering of plants
Meiko Building, 5-5, Osaki 5-chome,
Shingawa-ku, Tokyo 141-8616 Japan
Phone: 3-5487-6500 Fax: 3-5487-6516

Meiden Kankyo Service Co., Ltd.
Capital ¥30 million
Maintenance and control service of water treatment equipment
Meiko Building, 5-5, Osaki 5-chome,
Shinagawa-ku, Tokyo 141-8616 Japan
Phone: 3-3490-0630 Fax: 3-3490-0623

HOKUTO DENKO CORPORATION
Capital ¥25 million
Manufacture and sales of electric sensors
22-13, Himonya 4-chome, Meguro-ku,
Tokyo 152-0003 Japan
Phone: 3-3716-3686 Fax: 3-3793-8787

MEIDEN SYSCON Co., Ltd.
Capital ¥20 million
Manufacture and sales of switchgear and relays
726-1, Osuwa, Numazu-shi,
Shizuoka 410-0873 Japan
Phone: 55-924-4630 Fax: 55-922-4013

Meiden Kiden Kogyo Co., Ltd.
Capital ¥20 million
Machining and repairing service
127, Nishishinmachi,
Oota-shi, Gunma 373-0847 Japan
Phone: 276-20-6371 Fax: 276-32-7999

MEIDEN MEDIAFRONT CORPORATION
Capital ¥40 million
Printing and copy service
Maruki Building, 13-7, Nishigotanda
1-chome, Shinagawa-ku,
Tokyo 141-0031 Japan
Phone: 3-3490-4767 Fax: 3-3779-3083

Meiden Sheet Metal Products Corporation
Capital ¥90 million
Manufacture and sales of sheet metal
515, Kaminakamizo, Higashimakado-aza,
Numazu-shi, Shizuoka 410-0865 Japan
Phone: 55-929-5555 Fax: 55-929-5566

MSA Co., Ltd.
Capital ¥400 million
Manufacture and sales of surge arresters
515, Kaminakamizo, Higashimakado-aza,
Numazu-shi, Shizuoka 410-0865 Japan
Phone: 55-929-4300 Fax: 55-929-4399

❖ MEIDEN SINGAPORE PTE. LTD.
Capital S$25.4 million
Manufacture and sales of transformers, switchgears and circuit-breakers and related engineering and constructing service

❖ THAI MEIDENSHA CO., LTD.
Capital TB20 million
Engineering and constructing service

❖ MEIDEN ELECTRIC (THAILAND) LTD.
Capital TB70 million
Manufacture and sales of switchgears

❖ P.T.MEIDEN ENGINEERING INDONESIA
Capital US$320 thousand
Engineering and constructing service

❖ MEIDEN EUROPE LTD.
Capital £750 thousand
Sales of electric products and components

❖ MEIDEN PACIFIC (CHINA) LTD.
Capital HK$10 million
Sales of electric products and components, and constructing service

❖ MEIDEN AMERICA, INC.
Capital US$16.5 million
Sales of dynamometer products and engineering and consulting services

❖ MEIDEN HANGZHOU DRIVE SYSTEMS CO., LTD.
Capital US$11.6 million
Manufacture and sales of electrical morors

❖ DONGGUAN MEIDEN ELECTRICAL ENGINEERING CO., LTD.
Capital HK$8.4 million
Manufacture and sales of switchgears and slaes of electric products and components

❖ MEIDEN ZHENGZHOU ELECTRIC CO., LTD.
Capital CNY40 million
Manufacture and sales of surge arresters

❖ MEIDEN SHANGHAI CO., LTD.
Capital ¥320 million
Sales of electric products and components

❖ MEIDEN TECHNICAL CENTER NORTH AMERICA LLC.
Capital US$16.2 million
Testing service of engine and drive train

❖ MEIDEN ASIA PTE. LTD.
Capital S$6.7 million
Business management for Southeast Asia operations

❖ MEIDEN POWER SOLUTIONS (SINGAPORE) PTE. LTD.
Capital S$1 million
Manufacture and sales of dynamic voltage compensators

Plus 7 domestic subsidiaries and 2 foreign subsidiaries.

❖ Please see page 40-41 to find contact information for overseas affiliates.

CORPORATE DATA

CORPORATE NAME

MEIDENSHA CORPORATION (Kabushiki Kaisha Meidensha)

HEAD OFFICE

ThinkPark Tower, 2-1-1, Osaki, Shinagawa-ku, Tokyo 141-6029 Japan

FOUNDED

1897

COMMON STOCK

Authorized	576,000,000 shares
Issued	227,637,704 shares
¥17,070 million	($161,038 thousand)

SHAREHOLDERS

21,363

TRANSFER AGENT

The Sumitomo Trust & Banking Co., Ltd.

BOARD OF DIRECTORS (AS OF JUNE 26, 2009)

CHAIRMAN

Keiji Kataoka

PRESIDENT

Junzo Inamura

EXECUTIVE VICE PRESIDENT

Masaaki Kato

EXECUTIVE VICE PRESIDENT

Kosuke Sato

DIRECTOR AND SENIOR MANAGING EXECUTIVE OFFICER

Hiroshi Sugiyama
Ken Torikai
Noriyasu Nagai

DIRECTORS

Tetsuro Kawakami
Yasuo Matoi

SENIOR CORPORATE AUDITORS

Kazuo Hosoya
Sumio Kimura

CORPORATE AUDITORS

Hideo Fujii
Sanpei Nozaki

MEIDEN