

(5) Financial Condition
[Assets, Liabilities and Net Assets]

(Billion Yen)

	FY 2008 (at March 31, 2009)	FY 2007 (at March 31, 2008)	Change
Assets			
Current assets	1,887.5	2,169.9	-282.4
(Notes and accounts receivable, trade)	847.2	1,017.9	-170.6
(Inventories)	306.4	383.1	-76.6
Non-current assets	1,334.4	1,652.0	-317.5
(Property, plant and equipment)	673.0	839.7	-166.7
(Investment securities and other non-current assets)	450.0	592.7	-142.6
Total Assets	3,221.9	3,821.9	-599.9
Liabilities			
Current liabilities	1,550.4	1,611.3	-60.9
(Notes and accounts payable, trade)	528.7	772.1	-243.4
(Short-term borrowings and current portion of long-term debt)	426.8	160.2	266.6
Long-term liabilities	745.9	1,080.4	-334.4
(Long-term debt)	456.5	727.1	-270.5
Total Liabilities	2,296.3	2,691.7	-395.4
Net Assets			
Shareholders' equity	782.9	911.6	-128.7
Valuation and translation adjustments	-33.9	36.5	-70.4
Minority interests	176.6	181.9	-5.3
Total Net Assets	925.6	1,130.1	-204.5
Total Liabilities and Net Assets	3,221.9	3,821.9	-599.9
Cash and cash equivalents at end of period	528.1	547.8	-19.6
Ending balance of interest-bearing loans	883.4	887.3	-3.8
Ending balance of net interest-bearing loans	355.3	339.4	15.8
Owners' equity	748.9	948.2	-199.2

[Cash Flows]

(Billion Yen)

	Full-Year FY 2008 (4/1/08~3/31/09)	Full-Year FY 2007 (4/1/07~3/31/08)	Change
I. Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	-113.3	109.4	-222.7
Depreciation and amortization, including goodwill amortization	298.4	279.2	19.1
Impairment loss	75.1	18.7	56.4
Loss (gain) in equity in earnings of affiliates	34.0	-9.1	43.2
Loss (gain) on sales of investment securities, net	-3.4	-17.3	13.8
Revaluation loss on inventories	-	25.0	-25.0
(Increase) decrease in receivables, trade	127.0	-26.4	153.5
(Increase) decrease in inventories	63.5	-8.3	71.8
Increase (decrease) in payables, trade	-224.8	-22.8	-201.9
Other, net	-8.4	-26.2	17.7
Net Cash from Operating Activities	248.0	322.0	-73.9
II. Cash Flows from Investing Activities			
Purchases of property, plant and equipment	-175.8	-268.9	93.1
Proceeds from sales of investment securities	15.6	55.4	-39.8
Other, net	-64.3	-70.4	6.0
Net Cash Used in Investing Activities	-224.6	-283.9	59.3
I + II Free Cash Flow	23.4	38.1	-14.6
(excluding impact of non-business day on last day of period*)	23.4	147.7	-124.2
III. Cash Flows from Financing Activities			
Net Cash Provided by Financing Activities	-47.8	62.3	-110.2
IV. Cash and Cash Equivalents at End of Period	528.1	547.8	-19.6

Note: The figures exclude the impact of receivables and payables shifting from fiscal 2006 into fiscal 2007 because the final day of fiscal 2006 was a non-business day.

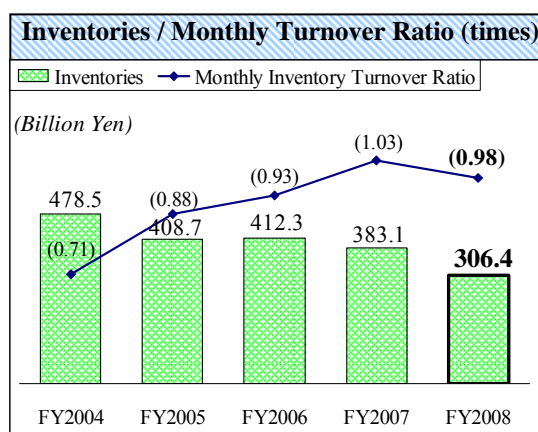
Explanation of Assets, Liabilities, and Net Assets

Total assets at the end of fiscal 2008 were 3,221.9 billion yen (US\$32,877million), a decrease of 599.9 billion yen compared to the end of fiscal 2007.

Current assets decreased by 282.4 billion yen, mainly the result of lower trade receivables, reflecting lower sales in the fourth quarter compared to the same period in fiscal 2007. Inventories stood at 306.4 billion yen, a decrease of 76.6 billion yen.

The monthly inventory turnover ratio, which is an indication of the efficiency of asset utilization, was 0.98 times, a deterioration of 0.05 times compared to the prior fiscal year. This was a result of lower sales due to a sharp decline in demand and the impact of

yen appreciation. In non-current assets, property, plant and equipment decreased by 166.7 billion yen due to lower capital expenditures in the LSI and other businesses, the recognition of impairment losses in respect to the building and production equipment of the 300mm wafer Fab No. 2 at the Mie Plant and other factors. In addition, due to the decline in stock prices of listed shareholdings, the value of investment securities and other non-current assets decreased by 142.6 billion yen.



Total liabilities were 2,296.3 billion yen (US\$23,432 million), a decrease of 395.4 billion yen compared with the end of fiscal 2007, primarily reflecting a decrease in trade payables. The balance of interest-bearing debt was 883.4 billion yen, roughly the same level as at the end of the preceding fiscal year. The balance of corporate bonds declined by 106.0 billion yen, primarily a result of the redemption of 100.0 billion yen of corporate straight bonds in June and October 2008, but the balance of borrowings increased by 102.2 billion yen as a result of financing a portion of the funds required for acquisitions. The debt/equity ratio increased above 1.0 to 1.18, the net interest-bearing debt increased to 355.3 billion yen and the net debt/equity ratio was 0.47.

Net assets were 925.6 billion yen (US\$9,445 million), a decrease of 204.5 billion yen compared to the end of fiscal 2007. Shareholders' equity decreased by 128.7 billion yen as a result of the net loss recorded in fiscal 2008. Valuation and translation adjustments declined by 70.4 billion yen as a result of the appreciation of the yen and lower unrealized gains on shares of FANUC, Ltd. and other listed company. As a result, the owners' equity ratio was 23.2%, a 1.6 point decrease compared to the end of fiscal 2007.

Summary of Cash Flows

Net consolidated cash flows from operating activities during fiscal 2008 were 248.0 billion yen (US\$2,532 million). Due to the deterioration of income before income taxes and other adjustments, net cash provided by operating activities decreased by 73.9 billion yen compared to the prior fiscal year.

Net cash used in investing activities was 224.6 billion yen (US\$2,292 million), primarily for capital expenditures in the Services sub-segment. In comparison with the prior fiscal year, net outflows decreased by 59.3 billion yen. In comparison with the previous fiscal year, in which there were heavy cash outflows resulting from the construction of the 300mm line at the Mie Plant, outflows for the acquisition of property, plant and equipment decreased by 93.1 billion yen. In addition, while there were cash inflows from the sale of shares in subsidiaries, net proceeds from the sale of investment securities decreased by 39.8 billion yen year-on-year.

Free cash flow, the sum of operating and investing cash flows, was 23.4 billion yen (US\$240 million), representing a decrease in net cash inflows of 14.6 billion yen compared with fiscal 2007. Excluding the impact of the additional payments of trade payables made in fiscal 2007 because the last day of fiscal 2006 fell on a holiday, the decrease in net cash inflows was 124.2 billion yen compared with fiscal 2007.

Net cash used in financing activities was 47.8 billion yen (US\$489 million), as payments of 168.9 billion yen to redeem corporate bonds and 24.4 billion yen in dividend payments were partially offset by additional borrowings for acquisitions. Compared to the previous fiscal year, when there were cash inflows from the issuance of 200 billion yen in convertible bonds and 100 billion yen in corporate straight bonds, cash inflows decreased by 110.2 billion yen.

As a result of the above factors, total cash and cash equivalents at the end of fiscal 2008 were 528.1 billion yen, a decrease of 19.6 billion yen from the end of fiscal 2007.