

4. Note

- (1) During FY 11/2009, there is no change in scope of consolidation and adoption of the equity method of accounting.
- (2) Changes in accounting policy, procedure and method of presentation for preparing financial statements
Change due to amendment of accounting standard : Yes
Change due to other reasons : Nothing
- (3) Number of shares outstanding at term end (including the number of treasury stocks, below (4))
FY11/2009 ... 23,098,490 shares FY11/2008 ... 23,098,490 shares
- (4) Number of treasury stock at the term end
FY11/2009 ... 748,174 shares FY11/2008 ... 748,366 shares

Reference: Annual results on the parent company alone basis

(1) Parent company performance

Amounts less than one million yen have been omitted.

	Net sales		Operating income		Ordinary income		Net income	
	¥m	%	¥m	%	¥m	%	¥m	%
FY 11/2009	11,664	-45.5	93	-98.1	350	-93.5	161	-94.9
FY 11/2008	21,398	-3.4	4,921	-7.1	5,384	-6.1	3,191	-12.5

	Net income per share	EPS after dilution
	¥	¥
FY 11/2009	7.22	-
FY 11/2008	141.78	141.77

(2) Parent company financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	¥m	¥m	%	¥
FY 11/2009	40,434	38,108	94.2	1,705.06
FY 11/2008	41,345	38,724	93.7	1,732.62

(3) Forecasts for the year ending November 30, 2010 (December 1, 2009 -November 30, 2010)

	Net sales	Operating income	Ordinary income	Net income	EPS
Full year	¥m 16,015	¥m 1,565	¥m 1,698	¥m 1,031	¥ 46.14
YoY change	37.3 %	1,580.2 %	383.9 %	538.8 %	538.8 %

Explanation of the appropriate use of performance forecasts and other related items

Forecasts of consolidated performance shown on Page 1 and parent company's performance shown on Page 2 were prepared based on information available at the time of the forecast. Actual performances may differ from forecasts owing to a wide range of factors.

Business results for FY2009 and Prospect for FY2010

(1) Business results during the FY2009

At the beginning of FY2009, the world economy fell into recession following the financial crisis triggered largely by the subprime loan problem in the U.S. Although there is a slight recovery after collapse, severe conditions, such as deflation, weak private consumption and huge inventory adjustments still remain.

In this situation, we endeavor to develop the new high value-added products which has a longer life than conventional cutting tools, and some products are prevailed to the public at the JPCA show 2009 on June 3.

Now these attractive products debut in turn, and we are looking forward to the steady recovery.

At the same time, we strove to strengthen the cost cutting activities and the improvement of the manufacturing efficiency. We are certain of strengthening our corporate constitution.

In spite of these positive operations, the huge demand fall in first half until May made a bad impact on our FY2009 annual financial results. Consolidated sales was 44.3 percent down from a previous year to ¥ 16,352 million.

Our FY2009 profitability also worsened due to the sudden demand change and the dull production despite our best endeavors to cutting the costs. Although operating income turned into black from the first half red, there was a lack of powerful recovery. It dived 93.3 percent to ¥ 497 million. Consolidated ordinary income dropped 94.9 percent to ¥ 398 million with the foreign exchange losses and consolidated net income was 96.6 percent down to ¥ 163 million.

(2) Prospect for FY 2010 ending November 30, 2010

	FY11/2009 actual (a)	FY11/2009 budget as of January, 2009 (b)	change (b/a)
Sales	¥m 16,352	¥m 21,890	+ 33.9 %
Operating income	497	2,766	+ 456.1 %
Ordinary income	398	2,859	+ 618.1 %
Net income	163	1,965	+1,102.3 %

Although there is a slight sign of recovery over the world economy, uncertainties still remain. Regrettably, quick and powerful recovery is not realistic. We will continue endeavoring to carry our positive ideas into action quickly and surely. The main assumptions of FY2010 forecasts as of January 15, 2010 are below:

Foreign currency exchange rate applied for consolidation

	FY2008 actual (a)	FY2009 actual (b)	Change (b/a)	FY2010 forecast
US\$	¥ 103.57	¥ 90.21	- 12.9 %	¥ 91.09
EURO	-	131.72	-	131.72
New Taiwan \$	3.23	2.79	- 13.6	2.82
RMB	15.20	13.21	- 13.1	13.34

(3) Cash flows

In FY11/2009, cash and cash equivalent increased ¥ 1,757 million, or 31.7 percent from a previous year to ¥ 7,299 million. Trends in cash flows indicators are as follows:

	FY11/2007	FY11/2008	FY11/2009
Equity ratio (%)	89.7	93.3	95.0
Equity ratio based on market prices (%)	153.8	86.1	103.3
Interest coverage ratio	411.3	578.4	5,204.4

Calculation method : Equity ratio : shareholders' equity / total assets

Equity ratio based on market prices : total market value of common stock / total assets

Interest coverage ratio : net cash provided by operating activities / interest payments

Notes 1. All indicators are calculated based on consolidated financial figures.

2. Total market value of common stock is calculated by multiplying the final closing price of the Company's stock on the balance sheet date by the number of outstanding shares on the balance sheet date (less the number of treasury stocks).

3. Figures for net cash provided by operating activities are those from the consolidated cash flow statement.

Interest-bearing debt includes all balance sheet debt for which interest payments are being made. Figures for interest payments are those from the consolidated cash flow statement.

(4) Basic Dividend Policy

Our basic dividend policy is to take a long-term view and to pay stable dividends in accordance with the closely monitoring earnings trends and the future development of the business. We plan to pay year end dividends of ¥15 per share with the interim dividends of ¥15. So, FY11/2009 annual dividends will decrease ¥20 from a previous year to ¥30 per share. Internal reserves will be reinvested from a long-term perspective to continue expanding and reinforcing the foundations of the business.

(5) Risk Factors

Business of UNION TOOL group (“UTG”) is subject to many risks. The principal risks affecting the UTG’s business are described briefly below:

a) Influence of conditions of manufacturing industry

Main business of UTG is to manufacture and sell the industrial consumables. Most of its customers belong to the manufacturing industry and use our products for their processing works. UTG’s business is highly dependent on the global manufacturing industry. The sluggish manufacturing activities could be a bearish impact on the UTG’s financial results.

b) Dependence on the cutting tool sales , especially PCB drills

The consolidated sales of cutting tools, especially PCB drills accounts for nearly all of UTG sales. This business model will continue for some time. The sluggish demand for PCB drills could be a bearish impact on the financial results. The alternative PCBs’ hole-making technology also make a severe impact. The printed circuit boards require the higher-density, more holes and more multi-layers, and there is no progress recently in the alternative hole-making technology. UTG is sure of its high position in this area and its high-technology to help its customers. At the same time, UTG continues to endeavor the sales up of Carbide endmills and so on except PCB drills.

c) Dependence on Asian business

A large part of UTG sales is dependent on Asian business. Under the customers’ production base shift from U.S. and Europe to Asia, it is unavoidable. Now UTG has been strengthening its Asian production capacity and so on in order to meet the active demand. The political, economic and social confusion in Asia or the delay of its Asian strengthening plans could exert an influence on the UTG’s business and financial situation.

d) Unit price down trend

Severe competition has been unfolding in the PCB manufacturing industry, and recently, products made in China, low price is in the market. Although UTG’s customers want to use the high-quality products even if the unit price would be higher than the market conventional one, price down pressure is always severe. UTG continue to endeavor to keep its high performance by technological differentiation method. However, if UTG’s activities do not sufficiently respond to the changes in the business environment, there is a possibility that the UTG’s financial situation will be affected.

e) Price hike of raw materials, especially tungsten carbide

Main raw material of UTG’s products is one of the rare metal, tungsten carbide. Recently, price of raw metals is rising. There is some suppliers of tungsten carbide, UTG endeavor to stably purchase the raw materials. But in the event of the huge and drastic hike of raw materials, there is a possibility that the UTG’s financial situation will be affected.

f) Concentration of production in Japan, Niigata Nagaoka-city

The UTG manufactures approximately 70% of PCB drills and almost of its in-house production equipment in Niigata prefecture, Nagaoka city. UTG well uses the Nagaoka factory as the world leading base of new technology. But in the event of the geographical troubles in Nagaoka city, there is a possibility that the UTG’s financial situation will be affected.

g) Foreign currency exchange rate fluctuations

The UTG is engaged in developing overseas business. Its overseas subsidiaries submit their financial reports in local currency, which are translated into Japanese yen at the exchange rate when the consolidated financial reports are compiled. Consequently, the UTG’s financial performance may be influenced by exchange fluctuations.

UNION TOOL group and important affiliates

UNION TOOL group and important affiliate product and sell cutting tools (mainly carbide drills for printed circuit boards) and other products.

Cutting tools : carbide drills for printed circuit boards (PCB drills)

Product and sell	UNION TOOL CO. (Japan) TAIWAN UNION TOOL CORP. (Taiwan) UNION TOOL (SHANGHAI) CO. LTD. (China) DONGGUAN UNION TOOL CORP. (China)

Sell	U.S. UNION TOOL, INC. (U.S.A. California) UNION TOOL EUROPE S.A. (Switzerland) UNION TOOL HONG KONG LTD. (Hong Kong) UNION TOOL SINGAPORE PTE LTD. (Singapore) UNION TOOL (SHANGHAI WAIGAOQIAO) CO., LTD. (China)

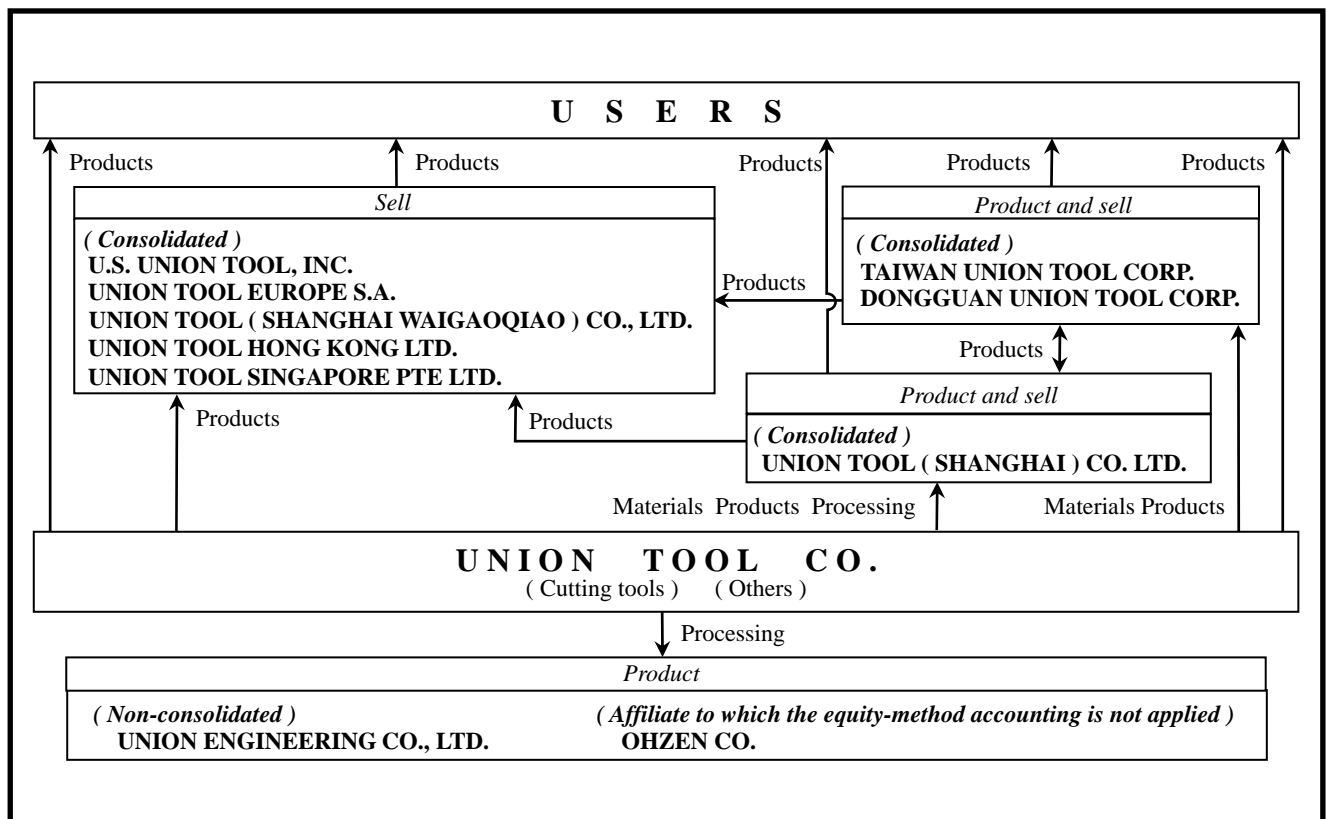
Processing on commission	UNION ENGINEERING CO., LTD. (Japan) OHZEN CO. (Japan)

Other products : Linear Motion bearings, digital measurement systems

Product and sell	UNION TOOL CO. (Japan) TAIWAN UNION TOOL CORP. (Taiwan) DONGGUAN UNION TOOL CORP. (China)

Sell	U.S. UNION TOOL, INC. (U.S.A. California) UNION TOOL EUROPE S.A. (Switzerland) UNION TOOL HONG KONG LTD. (Hong Kong) UNION TOOL SINGAPORE PTE LTD. (Singapore) UNION TOOL (SHANGHAI WAIGAOQIAO) CO., LTD. (China)

Processing on commission	OHZEN CO. (Japan)



Management Policy

(1) Basic Management Policy

The basic management policy of the group is to contribute to society through providing the high-quality products. We have focused on developing industrial cutting tools, especially PCB drills (Cutting tools for the Printed Circuit Boards), and now achieve a corporate brand that our customers find indispensable to the high-quality, high-technology and high-value-added electronics manufacturing field. We make a fresh resolve to improve our responsiveness to technological innovations and rapidly changing markets and to meet customer needs through the provision and development of high-quality products and services. In addition, by using our management resources effectively, such as in-house manufacturing equipment, a long experience in this area and well-skilled workers, so we continue to endeavor to strengthen our position in the global marketplace.

(2) Medium-to-Long Term Management Strategies and Issues to be faced

Main business of UTG is to manufacture and sell the industrial consumables. Most of its customers belong to the manufacturing industry and use our products for their processing works. UTG's business is highly dependent on the global manufacturing industry. The recent sluggish manufacturing activities could be a bearish impact on the UTG's financial results.

We hold a total superiority to competitors, such as a strong financial position, a product reliability, and huge know-how. We pay more attention to the global economic conditions and continue to make a various change quickly.

a. Increase of our sales

Under the severe economic conditions, we experienced a big decrease in our financial results. We need to go back to the basics and we should be more closer to our users.

Our major subjects at this time are as follows:

1. Set up a new marketing strategy and promptly responding to the market demand
2. Keep a primary supplier position to our customers by providing high quality products
3. Quickly catch the market trend and develop unique and state of the art products to our customers

b. Increase in income and improvement of profitability

1. Focus on increasing our profitability by conducting both product and management cost saving
2. Establish the most efficient supply chain system to meet global needs

c. Strengthening of group management system

1. Provide effective training system to improve personnel's capability for succeeding in global business expansion
2. Establish the firm management system based on the compliance consciousness

Consolidated Balance Sheets

thousands of yen

accounts	term	FY 11 / 2008 as of 2008/11/30		FY 11 / 2009 as of 2009/11/30		difference
		amount	ratio	amount	ratio	amount
Assets :			%		%	
Current assets :		25,093,554	47.1	22,897,380	46.3	-2,196,174
Cash and deposits		5,442,358		6,054,500		612,142
Notes and accounts receivables - trade		9,199,542		6,470,428		-2,729,114
Marketable securities		894,304		3,371,491		2,477,187
Inventories		8,899,427		6,668,935		-2,230,492
Other current assets		657,923		332,023		-325,900
Fixed assets :		28,151,844	52.9	26,524,908	53.7	-1,626,936
Property, plant and equipment		21,654,655	40.7	19,128,899	38.7	-2,525,756
Buildings and structures		4,714,029		3,923,046		-790,983
Machines and vehicles		9,776,834		8,681,024		-1,095,810
Tools and furniture		405,525		265,247		-140,278
Land		6,380,848		6,154,350		-226,498
Construction work in progress		377,416		105,229		-272,187
Intangible fixed assets		109,205	0.2	71,095	0.2	-38,110
Investments and others		6,387,983	12.0	7,324,913	14.8	936,930
Investments in securities		5,305,512		6,572,701		1,267,189
Others investments		1,082,471		752,212		-330,259
Total assets		53,245,399	100.0	49,422,288	100.0	-3,823,111
Liabilities :						
Current liabilities :		3,147,830	5.9	2,139,876	4.3	-1,007,954
Notes and accounts payable - trade		937,297		790,981		-146,316
Account payable - other		399,962		426,183		26,221
Accrued expenses		524,655		530,213		5,558
Accrued income taxes		903,572		54,707		-848,865
Others		382,342		337,790		-44,552
Fixed liabilities :		422,393	0.8	347,578	0.7	-74,815
Deferred tax liabilities		306		266		-40
Long-term account payable- other		321,108		256,788		-64,320
Others		100,978		90,523		-10,455
Total liabilities		3,570,223	6.7	2,487,454	5.0	-1,082,769
Net assets :						
Shareholders' equity		50,274,493	94.4	49,545,235	100.3	-729,258
Common stock		2,998,505	5.6	2,998,505	6.1	-
Additional paid-in capital		3,038,118	5.7	3,037,349	6.2	-769
Retained earnings		46,691,387	87.7	45,961,739	93.0	-729,648
Treasury stocks		- 2,453,517	- 4.6	- 2,452,357	- 5.0	1,160
Valuation differences or adjustments:		- 599,317	- 1.1	- 2,610,402	-5.3	-2,011,085
Other valuation differences of securities		- 32,286	- 0.1	84,204	0.2	116,490
Adjustment on foreign currency statement translation		- 567,031	- 1.0	- 2,694,606	-5.5	-2,127,575
Total net assets		49,675,175	93.3	46,934,833	95.0	-2,740,342
Total liabilities and net assets		53,245,399	100.0	49,422,288	100.0	-3,823,111

Note : Negative figures indicate decrease.

Consolidated Statements of Income

thousands of yen

accounts	term	FY 11/ 2008		FY 11 / 2009		difference
		2007/12/1 - 2008/11/30		2008/12/1 - 2009/11/30		
		amount	ratio	amount	ratio	amount
Net sales		29,366,136	100.0	16,352,729	100.0	-13,013,407
Cost of sales		17,585,895	59.9	11,979,681	73.3	-5,606,214
Gross income		11,780,240	40.1	4,373,048	26.7	-7,407,192
Selling, general and administrative expenses		4,367,108	14.9	3,875,584	23.7	-491,524
Operating income		7,413,132	25.2	497,463	3.0	-6,915,669
Non-operating income		634,446	2.2	375,720	2.3	-258,726
Interest and dividends income		439,073		155,071		-284,002
Others		195,372		220,646		25,274
Non-operating expenses		292,270	1.0	474,966	2.9	182,696
Interest expenses		8,652		1,181		-7,471
Losses of foreign currency transaction		225,466		390,748		165,282
Others		58,150		83,035		24,885
Ordinary income		7,755,308	26.4	398,217	2.4	-7,357,091
Extraordinary income		139,500	0.5	303,869	1.9	164,369
Extraordinary losses		478,326	1.6	101,861	0.6	-376,465
Net income before income taxes		7,416,482	25.3	600,225	3.7	-6,816,257
Income taxes and enterprise taxes - current		2,294,644	7.8	123,172	0.8	-2,171,472
Income taxes and enterprise taxes - deferred		272,540	0.9	313,545	1.9	41,005
Net income		4,849,297	16.5	163,507	1.0	-4,685,790

Consolidated Statements of Changes in Net assets

FY11/2009 (from December 1, 2008 to November 30, 2009)

thousands of yen

	Shareholders' equity				Total
	Common stocks	Additional paid-in capital	Retained earnings	Treasury stocks	
Balance at November 30, 2008	2,998,505	3,038,118	46,691,387	-2,453,517	50,274,493
Changes:					
Dividend payments	-	-	-894,006	-	-894,006
Net income	-	-	163,507	-	163,507
Payments from purchase of treasury stocks	-	-	-	-1,399	-1,399
Proceeds from sales of treasury stocks	-	-769	-	2,559	1,790
Others	-	-	850	-	850
Net changes except shareholders' equity	-	-	-	-	-
Net changes	-	-769	-729,648	1,159	-729,257
Balance at November 30, 2009	2,998,505	3,037,349	45,961,739	-2,452,357	49,545,235

thousands of yen

	Valuation differences or adjustments		Total net assets
	Other valuation differences of securities	Adjustments on foreign currency statement translation	
Balance at November 30, 2008	- 32,286	- 567,031	49,675,175
Changes:			
Dividend payments	-	-	-894,006
Net income	-	-	163,507
Payments from purchase of treasury stocks	-	-	-1,399
Proceeds from sales of treasury stocks	-	-	1,790
Others	-	-	850
Net changes except shareholders' equity	116,491	-2,127,575	-2,011,084
Net changes	116,491	-2,127,575	-2,740,342
Balance at November 30, 2009	84,204	-2,694,606	46,934,833

Consolidated Statements of Cash flows

thousands of yen

account	term	F Y 2 0 0 8 from 2007/12/1 to 2008/11/30	F Y 2 0 0 9 from 2008/12/1 to 2009/11/30	difference
		amount	amount	amount
1. Cash flows from operating activities				
Net income before income taxes		7,416,482	600,225	-6,816,257
Depreciation and amortization		2,653,385	2,422,399	-230,986
Increase in allowance for doubtful receivables		-104,476	33,680	138,156
Interest and dividends income		-439,074	-155,072	284,002
Interest expense		8,652	1,181	-7,471
Gain on foreign currency transaction		76,203	80,965	4,762
Loss on sales and disposal of P, P and E		86,156	18,022	-68,134
Increase in receivables – trade		352,214	1,819,871	1,467,657
Increase in inventories		-2,253,500	1,878,033	4,131,533
Decrease in payable – trade		49,978	310,065	260,087
Decrease in accrued consumption taxes payable		-108,825	35,658	144,483
Increase in other current liabilities		-738,105	-2,545	735,560
Others		313,815	-103,022	-416,837
Sub – total		7,312,908	6,939,463	-373,445
Interest and dividends received		438,253	155,440	-282,813
Interest paid		-8,652	-1,181	7,471
Income and other taxes paid		-2,737,815	-944,050	1,793,765
Net cash provided by operating activities		5,004,693	6,149,671	1,144,978
2. Cash flows from investing activities				
Payments from purchase of P, P and E		-5,646,511	-1,523,577	4,122,934
Payments from purchase of marketable securities		-3,997,613	-2,105,495	1,892,118
Proceeds from sales and redemption of securities		5,402,346	1,654,299	-3,748,047
Payments from purchase of securities		-921,087	-1,895,300	-974,213
Proceeds from sales and redemption of investment in securities		227,322	248,323	21,001
Others		11,781	503,686	491,905
Net cash provided by investing activities		-4,923,761	-3,118,062	1,805,699
3. Cash flows from financing activities				
Dividends paid		-1,136,289	-904,479	231,810
Proceed from sales of treasury stocks		119,892	1,790	-118,102
Purchase of treasury stocks		-398,155	-1,399	396,756
Net cash provided by financing activities		-1,414,551	-904,089	510,462
4. Exchange adjustments for cash and cash equivalents		-318,162	-370,224	-52,062
5. Increase in cash and cash equivalents		-1,651,782	1,757,295	3,409,077
6. Cash and cash equivalents at the beginning of the period		7,194,140	5,542,358	-1,651,782
8. Cash and cash equivalents at the end of the period		5,542,358	7,299,653	1,757,295

Note : Negative figures indicate decrease.

5. Evaluation of assets and liabilities of consolidated subsidiaries

Evaluation of assets and liabilities of the subsidiaries are carried out fully with the mark-to-market method.

6. Scope of cash and cash equivalents in the consolidated Cash Flow Statements

The cash and cash equivalents in the consolidated Cash Flow Statements are cash in hand, deposits that can be withdrawn anytime when we require, and short-term investments easily cashable, with minimal risks against price fluctuations and maturity of within 3 months.

7. Change in accounting method

(Accounting standard for measurement of inventories)

UNION TOOL CO. have adapted the "Accounting Standard for the Valuation of Inventories" (ASBJ Statement No.9, July 5, 2006), effective from the beginning of the FY11/2009. This change decreased consolidated operating income, ordinary income and income before taxes by ¥154,648 thousands, respectively.

(Accounting treatment to foreign subsidiaries for consolidated financial statements)

From the beginning of the FY11/2009, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (PITF Practical Solution No.18, May 17, 2006) has been applied, and necessary amendments for consolidated financial statements were made. There was no impact of this change on operating income, ordinary income and income before taxes for the FY11/2009.

8. Changes in method of presentation

(Consolidated balance sheets)

From the beginning of the FY11/2009, the "Practical Solution on Unification of Accounting Policies Applied to The item noted as "Inventory assets" in the previous fiscal year has from the fiscal year under review been divided into three items. "Merchandise and finished goods", "Work in process" and "Raw materials and supplies." The breakdown of "Inventory assets" in the previous fiscal year is as follows:

Merchandise and finished goods ... ¥ 5,115,326 thousand Work in process ... ¥ 891,652 thousand
Raw materials and supplies ... ¥ 2,892,448 thousand

9. Additional information

In line with a revision of the Corporation Tax Law in fiscal 2008, from the fiscal year under review, UNION TOOL Co. have amended its estimates for the useful lives of machines. There was no impact of this change on operating income, ordinary income and income before taxes for the FY11/2009.

Note

1. Related to consolidated Balance Sheets

Investments and others for unconsolidated subsidiaries and affiliates

	FY11/2008 (as of Nov. 30, 2008)	FY11/2009 (as of Nov. 30, 2009)
Investment in securities (stocks)	¥ 39,000 thousand	¥ 39,000 thousand

2. Related to consolidated Statement of Income

	FY11/2008 (2007/12/1-2008/11/30)	FY11/2009 (2008/12/1-2009/11/30)
(1) Major breakdowns of sell, general and administrative expenses		
Directors remunerations	¥ 193,980 thousand	¥ 159,610 thousand
Wages and bonuses	1,251,154	1,073,446
Transfer to allowances for bonuses to employees	113,873	37,334
Provision of allowance for doubtful accounts	-	1,789
Transfer to allowances for retirement benefits to employees	68,202	67,655
Commission	362,679	320,344
Depreciation and amortization	217,642	184,928
(2) R & D expenses included in G&A expenses	¥ 1,313,359 thousand	¥ 1,372,694 thousand
(3) Details of profits on sales of fixed assets		
Buildings and structures	¥ - thousand	¥ 136,801 thousand
Machine, equipment and automotive equipment	1,576	2,542
Small tools and fixtures	128	115
Land	-	64,219

	FY11/2008 (2007/12/1-2008/11/30)	FY11/2009 (2008/12/1-2009/11/30)
(4) Details of losses on sales of fixed assets		
Buildings and structures	¥ 4,572 thousand	¥ 40 thousand
Machine, equipment and automotive equipment	73,939	17,472
Small tools and fixtures	7,644	509

3. Related to consolidated Statement of Changes in Net assets

(1) Class and number of shares outstanding ... Ordinary shares, 23,098,490 shares outstanding (No changes)

(2) Class and number of treasury stocks ... Ordinary shares

At the beginning	Increase	Decrease	At November 30,2009
748,366	589	781	748,174

(3) Dividends to shareholders ... Cash dividends paid

Date of approval	Class of shares	Amount	Per share	Allotment date	Effective date
2/25/2009 Meeting of shareholders	Ordinary shares	¥ 558 million	¥ 25.00	11/30/2008	2/26/2009
7/8/2009 Board of directors	Ordinary shares	¥ 335 million	¥ 15.00	5/31/2009	8/12/2009

Dividends after the end of the fiscal year of which basic date belongs to this period

Date of approval	Class of shares	Amount	Per share	Allotment date	Effective date
2/24/2010 Meeting of shareholders	Ordinary shares	¥ 335 million	¥ 15.00	11/30/2009	2/25/2010

4. Related to consolidated Statement of Cash Flows

Relationship between balance cash and cash equivalents at ending of the period and items listed in the Consolidated Balance Sheet

	FY11/2008 (2007/12/1-2008/11/30)	FY11/2009 (2008/12/1-2009/11/30)
Cash and deposits	¥ 5,442,358 thousand	¥ 6,054,500 thousand
Deposits beyond 3months due date	-	- 372,565
Marketable securities	100,000	-
Marketable securities -certified deposits	-	3,371,491
Marketable securities -monetary fund trust	-	300,000
Marketable securities -money market fund	-	17,718
Balance of cash and cash equivalents at the year end	5,542,358	7,299,653

5. Marketable securities other than securities held for purpose of trading or held to maturities

(1) Securities which can be stated at market value thousands of yen

	FY 11 / 2 0 0 8 (as of November 30, 2008)			FY 11 / 2 0 0 9 (as of November 30, 2009)		
	Acquisition price	Balance Sheet value	Difference	Acquisition price	Balance Sheet value	Difference
Securities of which the balance sheet value is higher than acquisition price						
Equity stocks	1,272,174	2,033,601	761,426	1,276,745	2,004,747	728,002
Bonds	99,982	99,988	5	1,300,000	1,311,406	11,406
Others	200,000	200,800	800	-	-	-
Total	1,572,157	2,334,389	762,231	2,576,745	3,316,153	739,408
Securities of which the balance sheet value is lower than acquisition price						
Equity stocks	1,876,909	1,412,515	-464,394	1,788,499	1,396,773	-391,726
Bonds	1,301,605	1,239,318	-62,287	2,454,920	2,414,572	-40,348
Others	1,320,367	1,030,370	-289,997	1,270,607	1,116,670	-153,937
Total	4,498,881	3,682,203	-816,678	5,514,027	4,928,016	-586,011
Total	6,071,039	6,016,592	-54,446	8,090,772	8,244,169	153,497

(2) Securities which are not stated at market value thousands of yen

	FY 11 / 2 0 0 8 (as of November 30, 2008)	FY 11 / 2 0 0 9 (as of November 30, 2009)
	Balance Sheet value	Balance Sheet value
Unlisted stocks except OTC stocks	44,223	43,304
Money market fund	-	17,718
Certified deposits	100,000	1,300,000
Monetary fund trust	-	300,000

(3) Scheduled maturities of other securities with redemption date thousands of yen

		within 1 year	over 1 year within 5 years	over 5 years within 10 years	over 10 years
FY 11/2008	Bonds	1,000,000	500,000	-	100,000
	Others	100,000	-	-	-
FY 11/2009	Bonds	1,753,772	1,404,566	498,954	-
	Others	1,600,000	-	-	68,685

8. Tax effect accounting

(1) Breakdown of major factors of deferred income tax assets and liabilities incurred

a. Deferred income tax assets

	FY11/2008 (as of Nov. 30, 2008)	FY11/2009 (as of Nov. 30, 2009)
Enterprise tax payable	¥ 68,213 thousand	¥ 6,432 thousand
Accrued bonuses to employees	58,676	55,452
Long-term accounts payable – others	172,425	143,006
Allowance for doubtful receivables	10,676	23,035
Depreciation and amortization	34,074	27,027
Loss on devaluation of investment securities	173,087	162,189
Loss on devaluation of golf membership	2,288	2,288
Losses brought forward	103	79,971
Unrealized elimination of fixed assets	387,464	342,461
Unrealized elimination of inventories	158,295	48,300
Others	170,891	137,418
Sub-total	1,236,196	1,027,583
Deduction –allowances for revaluation	-24,235	-141,213
Total	1,211,961	886,369
b. Deferred income tax liabilities		
Reserve for reduction entry of fixed assets	¥ -138,719 thousand	¥ -154,041 thousand
Others	-306	-69,084
Total	- 139,026	-223,125
Net amount of deferred income tax assets	¥ 1,072,935 thousand	¥ 663,244 thousand

(2) Major breakdown of item that caused difference concerned when there are important differences between the legal effective tax rate and the contribution rate of the corporation tax after application of tax effect accounting.

	FY11/2008	FY11/2009
Legal effective tax rate	40.7 %	40.7 %
Accounts not counted in deductive expenses eternally such as entertainment expenses	0.1 %	0.5 %
Even distribution of the inhabitant tax	-2.2 %	5.0 %
Foreign tax differential between parent and subsidiaries	- 5.9 %	- 4.9 %
Others	1.9 %	31.5 %
Contribution rate of the corporation tax after application of tax effect accounting	34.6 %	72.8 %

9. Segment information

(1) Business segment information

thousands of yen

	FY 11/2008 (from December 1, 2007 to November 30, 2008)				
	Cutting tools	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales					
(1) Unaffiliated customers	27,355,207	2,010,928	29,366,136	-	29,366,136
(2) Intersegment	-	914,777	914,777	(914,777)	-
T o t a l	27,355,207	2,925,706	30,280,914	(914,777)	29,366,136
Operating expenses	19,989,084	2,725,776	22,714,860	(761,856)	21,953,004
Operating income	7,366,123	199,930	7,566,053	(152,921)	7,413,132
Assets	33,266,516	4,230,902	37,497,418	15,747,981	53,245,399
Depreciation	2,113,996	161,752	2,275,748	377,626	2,653,374
Capital expenditures	3,404,890	290,574	3,695,464	3,029,857	6,725,321

thousands of yen

	FY 11/2009 (from December 1, 2008 to November 30, 2009)				
	Cutting tools	Others	Total	Elimination and corporate assets or expenses	Consolidated
Sales					
(1) Unaffiliated customers	15,471,835	880,894	16,352,729	-	16,352,729
(2) Intersegment	-	625,212	625,212	(625,212)	-
T o t a l	15,471,835	1,506,106	16,977,942	(625,212)	16,352,729
Operating expenses	14,619,590	1,827,129	16,46,719	(591,453)	15,855,266
Operating income	852,244	-321,022	531,222	(33,758)	497,463
Assets	27,449,369	3,388,805	30,838,174	18,584,114	49,422,288
Depreciation	1,963,629	129,693	2,093,323	329,075	2,422,399
Capital expenditures	1,475,192	115,354	1,590,547	1,000	1,591,547

Note 1. Business segment has been classified in terms of sales. Main products of each business segment are as follow ;

- (1) Cutting tools Carbide drills for printed circuit boards
- (2) Others Linear motion bearings Specialized production equipment
Digital measurement system

2. An amount of unallocated operating expenses, such as remuneration for directors, included in elimination and corporate assets or expenses, were 159,808 thousand of yen.
3. An amount of corporate assets included in elimination and corporate assets, consisting of moneies in the cash, deposits, marketable securities, long-term investments (investment in securities) and those related to managerial division, were 18,643,601 thousand of yen.
4. From FY2009, we are calculating the value using the cost accounting method by reducing the book value based on declining profitability in accordance with application of “ Accounting Standards for Inventory Valuation ” (Corporate Accounting Standards No. 9, July 5, 2006). Operating income from cutting tools business decreased ¥133,381 thousand of yen and operating losses from other business increased ¥ 21,267 thousand of yen.

(2) Segment information by geographic area

thousands of yen

	FY 11 / 2008 (from December 1, 2007 to November 30, 2008)						
	Japan	North America	Asia	Europe	Total	Elimination and corporate assets or expenses	Consolidated
Sales							
(1) Unaffiliated customers	13,648,945	1,488,575	13,159,873	1,068,742	29,366,136	-	29,366,136
(2) Intersegment	7,749,671	1,103	429,145	129	8,180,049	(8,180,049)	-
T o t a l	21,398,617	1,489,678	13,589,018	1,068,871	37,546,186	(8,180,049)	29,366,136
Operating expenses	16,708,463	1,376,348	12,165,355	1,083,168	31,333,336	(9,380,332)	21,953,004
Operating income	4,690,153	113,330	1,423,662	-14,296	6,212,849	1,200,282	7,413,132
Assets	22,121,067	1,041,406	14,446,453	566,004	38,174,931	15,070,467	53,245,399

thousands of yen

	FY 11 / 2009 (from December 1, 2008 to November 30, 2009)						
	Japan	North America	Asia	Europe	Total	Elimination and corporate assets or expenses	Consolidated
Sales							
(1) Unaffiliated customers	7,733,877	968,221	7,092,093	558,537	16,352,729	-	16,352,729
(2) Intersegment	3,930,519	511	213,265	73	4,144,369	(4,144,369)	-
T o t a l	11,664,397	968,732	7,305,358	558,610	20,497,099	(4,144,369)	16,352,729
Operating expenses	11,559,196	937,740	7,036,855	559,594	20,093,387	(4,238,121)	15,855,266
Operating income	105,201	30,992	268,503	-984	403,711	93,751	497,463
Assets	18,458,512	561,906	10,708,370	454,681	30,183,471	19,238,817	49,422,288

Note 1. Nations or areas has been classified in terms of their geographic closeness.

2. Main countries or regions that belong to classes other than Japan

(1) North America : United States of America

(2) Asia : Taiwan China Singapore

(3) Europe : Switzerland

3. An amount of unallocated operating expenses, such as remuneration for directors, included in elimination and corporate assets or expenses, were 159,808 thousand of yen.

4. An amount of corporate assets included in elimination and corporate assets, consisting of moneies in the cash, deposits, marketable securities, long-term investments (investment in securities) and those related to managerial division, were 18,643,601 thousand of yen.

5. From FY2009, we are calculating the value using the cost accounting method by reducing the book value based on declining profitability in accordance with application of “ Accounting Standards for Inventory Valuation ” (Corporate Accounting Standards No. 9, July 5, 2006). Operating income decreased ¥96,512 thousand of yen in Japan and operating income decreased ¥ 58,136 thousand of yen in Asia.

(3) Overseas sales by geographic area

thousands of yen

	FY 11 / 2008 (from December 1, 2007 to November 30, 2008)				
	North America	Asia	Europe	Other	Total
Overseas sales	1,462,908	14,922,063	1,093,973	31,624	17,510,569
Consolidated net sales					29,366,136
Percentage of overseas sales to consolidated net sales	5.0%	50.8%	3.7%	0.1%	59.6%

thousands of yen

	FY 11 / 2009 (from December 1, 2008 to November 30, 2009)				
	North America	Asia	Europe	Other	Total
Overseas sales	947,810	8,213,771	551,680	20,878	9,734,140
Consolidated net sales					16,352,729
Percentage of overseas sales to consolidated net sales	5.8%	50.2%	3.4%	0.1%	59.5%

- Note 1. Nations or areas has been classified in terms of their geographic closeness.
 2. Main countries or regions that belong to classes other than Japan
 (1) North America : United States of America Canada
 (2) Asia : Korea China Taiwan Singapore
 (3) Europe : Switzerland Italy United Kingdom France
 3. Overseas sales represents sales of UNIONTOOL CO. and its subsidiaries made in countries and regions other than Japan.

10. Per share data

	FY11/2008 (2007/12/1 - 2008/11/30)	FY11/2009 (2008/12/1 - 2009/11/30)
Net assets per share	¥ 2,222.59	¥ 2,099.96
Net income per share	¥ 215.42	¥ 7.32
Fully diluted net income per share	¥ 215.41	-

Note: Basis by which net income is computed

	FY11/2008 2007/12/1-2008/11/30	FY11/2009 2008/12/1-2009/11/30
Net income as reported (thousands of yen)	4,849,297	163,507
Net income concerning the common stocks (thousands of yen)	4,849,297	163,507
Net income non-concerning the common stocks (thousands of yen)	-	-
Average number of common stocks outstanding (1,000shares)	22,510	22,350
Increase of common stock numbers by fully dilution (1,000shares)	1	-

Non-consolidated Balance Sheets

thousands of yen

account	FY 11 / 2008 (as of Nov.30, 2008)		FY 11 / 2009 (as of Nov.30, 2009)		difference amount
	amount	ratio	amount	ratio	
		%		%	
Assets :					
Current assets :	14,991,031	36.3	14,659,402	36.3	-331,629
Cash and deposits	3,741,262		3,210,465		-530,797
Notes receivables-trade	1,201,919		841,655		-360,264
Accounts receivables-trade	3,590,566		3,028,852		-561,714
Marketable securities	894,304		3,371,491		2,477,187
Inventories	4,954,755		3,653,519		-1,301,236
Deferred tax assets	146,925		90,330		-56,595
Other current assets	461,295		463,086		1,791
Fixed assets :	26,354,452	63.7	25,774,970	63.7	-579,482
Property, plant and equipment	15,286,838	37.0	14,141,382	35.0	-1,145,456
Buildings and structures	3,376,737		3,118,336		-258,401
Machines and equipment	5,398,939		4,893,896		-505,043
Land	5,770,784		5,770,784		-
Construction work in progress	361,881		105,229		-256,652
Others	378,495		253,137		-125,358
Intangible fixed assets	97,268	0.2	59,271	0.1	-37,997
Investments and others	10,970,345	26.5	11,574,317	28.6	603,972
Investments in securities	5,263,288		6,531,396		1,268,108
Investments in affiliates	1,626,449		1,627,836		1,387
Capital investments in affiliates	2,893,114		2,893,114		-
Other investments	1,187,491		521,971		-665,520
Total assets	41,345,484	100.0	40,434,373	100.0	-911,111
Liabilities :					
Current liabilities :	2,272,892	5.5	1,985,708	4.9	-287,184
Notes and accounts payable-trade	546,877		458,720		-88,157
Accounts payable-other	434,141		411,424		-22,717
Accrued expenses	225,305		369,990		144,685
Accrued income taxes	790,092		11,269		-778,823
Other current liabilities	276,475		734,305		457,830
Fixed liabilities :	348,349	0.8	340,112	0.8	-8,237
Long-term account payable - other	256,788		256,788		-
Other fixed liabilities	91,561		83,324		-8,237
Total liabilities	2,621,241	6.3	2,325,820	5.8	-295,421
Net assets :					
Shareholders' equity	38,756,529	93.8	38,024,348	94.0	-732,181
Common stock	2,998,505	7.3	2,998,505	7.4	-
Additional paid-in capital	3,038,118	7.4	3,037,349	7.5	-769
Retained earnings	35,173,423	85.0	34,440,851	85.2	-732,572
Treasury stocks	-2,453,517	-5.9	-2,452,357	-6.1	1,160
Valuation differences or adjustments	-32,286	-0.1	84,204	0.2	116,490
Other valuation differences of securities	-32,286	-0.1	84,204	0.2	116,490
Total net assets	38,724,242	93.7	38,108,552	94.2	-615,690
Total liabilities and net assets	41,345,484	100.0	40,434,373	100.0	-911,111

Note : Negative figures indicate decrease.

Non-consolidated Statements of Income

thousands of yen

account	term	FY 11 / 2008 (2007/12/1-2008/11/30)		FY 11 / 2009 (2008/12/1-2009/11/30)		difference amount
		amount	ratio	amount	ratio	
Net sales		21,398,617	100.0	11,664,397	100.0	-9,734,220
Cost of sales		13,467,869	62.9	8,708,416	74.7	-4,759,453
Gross income		7,930,747	37.1	2,955,980	25.3	-4,974,767
Selling, general and administrative expenses		3,009,731	14.1	2,862,788	24.5	-146,943
Advertising expenses		113,348		81,150		
Packaging and transportation - out		196,616		119,771		
Executive salaries		193,980		159,610		
Salaries and bonuses to employees		776,090		704,451		
Welfare expenses		131,740		118,749		
Traveling and communications expenses		151,674		110,798		
Rental expenses and general commissions		394,673		319,244		
Research and development expenses		428,015		787,926		
Others		623,407		461,089		
Operating income		4,921,016	23.0	93,192	0.8	-4,827,824
Non-operating income		697,462	3.3	434,899	3.7	-262,563
Interest and dividends income		552,838		236,278		
Other non-operating income		144,622		198,621		
Non-operating expenses		233,528	1.1	177,146	1.5	-56,382
Ordinary income		5,384,950	25.2	350,944	3.0	-5,034,006
Extraordinary profit		86,250	0.4	102,805	0.9	16,555
Extraordinary losses		479,011	2.3	98,788	0.8	-380,223
Net income before income taxes		4,992,188	23.3	354,962	3.1	-4,637,226
Income taxes and enterprise taxes - amount		1,800,630	8.4	193,527	1.7	-1,607,103
Net income		3,191,558	14.9	161,435	1.4	-3,030,123

Non-consolidated Statement of Changes in Net Assets

FY11/2009 (from December 1, 2008 to November 30, 2009)

thousands of yen

	Shareholders' equity			
	Additional paid-in capital			Total
	Common Stock	Capital Reserve	Other additional paid-in capital	
Balance at November 30, 2008	2,998,505	3,020,484	17,634	3,038,118
Changes:				
Dividends payments	-	-	-	-
Net income	-	-	-	-
Reserve for deferred gain on sales of fixed assets	-	-	-	-
Transfer from reserve for deferred gain on sales of fixed assets	-	-	-	-
Reserve to general reserve	-	-	-	-
Bonuses to directors and auditors	-	-	-	-
Payments from purchase of treasury stocks	-	-	-	-
Proceeds from sales of treasury stocks	-	-	-769	-769
Net changes except shareholders' equity	-	-	-	-
Net changes	-	-	-769	-769
Balance at November 30, 2009	2,998,505	3,020,484	16,864	3,037,349

thousands of yen

	Shareholders' equity				
	Retained earnings				Total
	Legal reserve	Other retained earnings			
		Voluntary reserve		Retained earnings carried forward	
Reserve for deferred gain on sales of fixed assets		General Reserve			
Balance at November 30, 2008	419,574	202,115	27,500,000	7,051,733	35,173,423
Changes:					
Dividends payments	-	-	-	-894,006	-894,006
Net income	-	-	-	161,435	161,435
Reserve for deferred gain on sales of fixed assets	-	39,029	-	-39,029	-
Transfer from reserve for deferred gain on sales of fixed assets	-	-16,707	-	16,707	-
Reserve to general reserve	-	-	2,500,000	-2,500,000	-
Bonuses to directors and auditors	-	-	-	-	-
Payments from purchase of treasury stocks	-	-	-	-	-
Proceeds from sales of treasury stocks	-	-	-	-	-
Net changes except shareholders' equity	-	-	-	-	-
Net changes	-	22,322	2,500,000	-3,254,894	-732,571
Balance at November 30, 2009	419,574	224,438	30,000,000	3,796,839	34,440,851

thousands of yen

	Shareholders' equity	Total	Valuation differences or adjustments	Total Net assets
	Treasury stock		Other valuation differences of securities	
Balance at November 30, 2008	-2,453,517	38,756,529	-32,286	38,724,242
Changes:				
Dividends payments	-	-894,006	-	-894,006
Net income	-	161,435	-	161,435
Reserve for deferred gain on sales of fixed assets	-	-	-	-
Transfer from reserve for deferred gain on sales of fixed assets	-	-	-	-
Reserve to general reserve	-	-	-	-
Bonuses to directors and auditors	-	-	-	-
Payments from purchase of treasury stocks	-1,399	-1,399	-	-1,399
Proceeds from sales of treasury stocks	2,559	1,790	-	1,790
Net changes except shareholders' equity	-	-	116,491	116,491
Net changes	1,159	-732,181	116,491	-615,689
Balance at November 30, 2009	-2,452,357	38,024,348	84,204	38,108,552