Consolidated Financial Statements

Toho Zinc Co., Ltd.
and Consolidated Subsidiaries

For the years ended March 31, 2009, 2008 and 2007
with Report of Independent Auditors

Report of Independent Auditors

The Board of Directors
Toho Zinc Co., Ltd.

We have audited the accompanying consolidated balance sheets of Toho Zinc Co., Ltd. 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 the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of Toho Zinc Co., Ltd. and consolidated subsidiaries for the year ended March 31, 2007 were audited by other auditors whose report dated June 28, 2007, expressed an unqualified opinion on those financial statements.

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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Toho Zinc Co., Ltd. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.

(1) As described in Note 1 (d), effective April 1, 2008, the Company changed the method of accounting for inventories exclusive of supplies.

(2) As described in Note 1 (d), the Companies adopted the "Accounting Standard for Measurement of Inventories" in the year ended March 31, 2009.

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 2.

Ernst & Young ShinNihon LLC

June 25, 2009

Toho Zinc Co., Ltd. and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31, 2008	March 31, 2009	March 31, 2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Assets			
Current assets:			
Cash and time deposits	¥ 14,358	**¥ 22,284**	**$ 226,851**
Notes and accounts receivable, trade	20,121	**11,129**	**113,294**
Inventories *(Note 17)*	26,516	**21,651**	**220,412**
Advance payment	5,247	**462**	**4,702**
Deferred tax assets *(Note 13)*	539	**1,351**	**13,759**
Other current assets	3,007	**3,441**	**35,028**
Less: Allowance for doubtful accounts	(52)	**(27)**	**(276)**
Total current assets	69,736	**60,291**	**613,770**
Property, plant and equipment:			
Land *(Notes 4 and 18)*	16,960	**16,951**	**172,561**
Buildings and structures *(Note 18)*	18,589	**18,968**	**193,100**
Machinery and equipment *(Note 18)*	55,055	**55,772**	**567,766**
Construction in progress	763	**1,894**	**19,282**
	91,367	**93,585**	**952,709**
Less: Accumulated depreciation	(56,991)	**(58,136)**	**(591,833)**
Net property, plant and equipment	34,376	**35,449**	**360,876**
Investments and other assets:			
Investment securities *(Notes 3, 10 and 18)*	11,621	**4,985**	**50,750**
Investments in non-consolidated subsidiaries *(Note 3)*	411	**411**	**4,190**
Deferred tax assets *(Note 13)*	887	**2,777**	**28,271**
Intangible assets	93	**112**	**1,142**
Other assets *(Note 3)*	8,388	**4,607**	**46,897**
Less: Allowance for doubtful accounts	(862)	**(807)**	**(8,219)**
Total investments and other assets	20,538	**12,085**	**123,031**
Total assets	¥124,650	**¥107,825**	**$1,097,677**

	March 31,		
	2008	2009	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Liabilities and net assets			
Current liabilities:			
Short-term borrowings *(Note 18)*	¥ 24,601	**¥ 24,478**	**$ 249,191**
Current portion of long-term debt *(Note 18)*	4,896	**3,390**	**34,514**
Notes and accounts payable, trade	8,133	**6,299**	**64,123**
Accrued expenses	3,118	**2,944**	**29,966**
Accrued income taxes	1,130	**335**	**3,414**
Accrued directors' bonus	39	**–**	**–**
Other current liabilities	4,277	**3,597**	**36,614**
Total current liabilities	46,194	**41,043**	**417,822**
Long-term liabilities:			
Long-term debt *(Note 18)*	11,618	**8,928**	**90,890**
Accrued employees' pension and severance costs *(Note 12)*	3,394	**3,148**	**32,044**
Accrued directors' and statutory auditors' retirement allowances	166	**73**	**748**
Deferred tax liabilities related to land revaluation *(Note 4)*	5,786	**5,781**	**58,851**
Accrued environmental allowances	158	**158**	**1,600**
Other long-term liabilities	78	**95**	**972**
Total long-term liabilities	21,200	**18,183**	**185,105**
Total liabilities	67,394	**59,226**	**602,927**
Net assets			
Shareholders' equity:			
Common stock:			
Authorized – 264,000,000 shares			
Issued – 135,855,217 shares in 2008 and 135,855,217 shares in 2009	14,630	**14,630**	**148,943**
Capital surplus	9,877	**9,877**	**100,549**
Retained earnings	23,839	**17,176**	**174,857**
Less: Treasury stock, at cost –50,794 shares in 2008 and 53,066 shares in 2009	(21)	**(22)**	**(230)**
Total shareholders' equity	48,325	**41,661**	**424,119**
Revaluation and translation adjustments:			
Net unrealized gains on other securities	1,039	**625**	**6,361**
Loss on deferred hedges	(69)	**(116)**	**(1,177)**
Surplus from land revaluation *(Note 4)*	7,580	**7,574**	**77,101**
Foreign currency translation adjustments	381	**(1,145)**	**(11,654)**
Total revaluation and translation adjustments	8,931	**6,938**	**70,631**
Total net assets	57,256	**48,599**	**494,750**
Total liabilities and net assets	¥124,650	**¥107,825**	**$1,097,677**

The accompanying notes are an integral part of these financial statements.

Toho Zinc Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Operations

	Year ended March 31,			
	2007	**2008**	**2009**	**2009**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Net sales	¥127,876	¥147,390	**¥92,686**	**$943,558**
Cost of sales	102,216	123,827	**85,095**	**866,279**
Gross profit	25,660	23,563	**7,591**	**77,279**
Selling, general and administrative expenses:				
Transportation expense	3,067	3,223	**3,000**	**30,540**
Salaries and wages	1,024	965	**884**	**9,000**
Pension and severance costs	93	82	**64**	**646**
Research and development costs *(Note 6)*	262	261	**284**	**2,896**
Depreciation	81	73	**53**	**537**
Directors' and statutory auditors' retirement costs	44	26	–	–
Directors' bonus	38	39	–	–
Provision for doubtful accounts	52	94	–	–
Other	1,535	1,517	**1,412**	**14,374**
	6,196	6,280	**5,697**	**57,993**
Operating income	19,464	17,283	**1,894**	**19,286**
Other income (expenses):				
Interest and dividend income	231	440	**510**	**5,196**
Gain on sale of securities	0	–	–	–
Derivative gains (losses)	82	(14)	–	–
Interest expenses	(467)	(657)	**(543)**	**(5,533)**
Foreign Exchange gains (losses), net	233	(118)	**69**	**704**
Loss on disposal of property, plant and equipment	(797)	(265)	**(298)**	**(3,039)**
Investment gains (losses) on equity method	425	577	**(3,460)**	**(35,224)**
Impairment losses on fixed assets *(Note 7)*	(8)	(4)	**(131)**	**(1,330)**
Losses on hedge transactions	(1,977)	(496)	–	–
Provision for environmental measures	(157)	–	–	–
Write-down of investment securities	(17)	(367)	**(4,531)**	**(46,126)**
Other, net	(55)	164	**(102)**	**(1,038)**
	(2,507)	(740)	**(8,486)**	**(86,390)**
Income (loss) before income taxes	16,957	16,543	**(6,592)**	**(67,104)**
Income taxes:				
Current	7,946	5,139	**1,061**	**10,805**
Deferred	(1,076)	1,455	**(2,419)**	**(24,628)**
	6,870	6,594	**(1,358)**	**(13,823)**
Net income (loss)	¥ 10,087	¥ 9,949	**¥ (5,234)**	**$ (53,281)**
	(Yen)			*(U.S. dollars)*
Per share:				
Net income (loss) – basic	¥75.26	¥73.26	**¥(38.54)**	**$(0.39)**
Cash dividends	¥10.00	¥10.00	**¥ 5.00**	**$ 0.05**

The accompanying notes are an integral part of these financial statements.

Toho Zinc Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

		Shareholders' equity				Revaluation and translation adjustments				
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock (*)	Net unrealized gains on other securities	Losses on deferred hedges	Surplus from land revaluation	Foreign currency translation adjustments	Total net assets
	(Thousands)					*(Millions of yen)*				
Balance at March 31, 2006	125,855	¥10,240	¥5,490	¥ 6,103	¥ (9)	¥2,420	¥ –	¥7,585	¥ 96	¥31,925
Issuance of new shares	10,000	4,390	4,387	–	–	–	–	–	–	8,777
Cash dividends paid	–	–	–	(629)	–	–	–	–	–	(629)
Bonuses to directors	–	–	–	(28)	–	–	–	–	–	(28)
Decrease due to change in scope of consolidation	–	–	–	(289)	–	–	–	–	–	(289)
Net income	–	–	–	10,087	–	–	–	–	–	10,087
Acquisition of treasury stock	–	–	–	–	(9)	–	–	–	–	(9)
Other	–	–	0	5	(0)	–	–	–	–	5
Net charges in items other than those in shareholders' equity	–	–	–	–	–	700	(2,711)	(5)	106	(1,910)
Balance at March 31, 2007	135,855	14,630	9,877	15,249	(18)	3,120	(2,711)	7,580	202	47,929
Dividends from surplus	–	–	–	(1,359)	–	–	–	–	–	(1,359)
Net income	–	–	–	9,949	–	–	–	–	–	9,949
Acquisition of treasury stock	–	–	–	–	(4)	–	–	–	–	(4)
Other	–	–	0	–	1	–	–	–	–	1
Net charges in items other than those in shareholders' equity	–	–	–	–	–	(2,081)	(2,642)	–	179	740
Balance at March 31, 2008	135,855	14,630	9,877	23,839	(21)	1,039	(69)	7,580	381	57,256
Dividends from surplus	**–**	**–**	**–**	**(1,358)**	**–**	**–**	**–**	**–**	**–**	**(1,358)**
Net income	**–**	**–**	**–**	**(5,234)**	**–**	**–**	**–**	**–**	**–**	**(5,234)**
Acquisition of treasury stock	**–**	**–**	**–**	**–**	**(2)**	**–**	**–**	**–**	**–**	**(2)**
Other	**–**	**–**	**(0)**	**(72)**	**1**	**–**	**–**	**–**	**–**	**(70)**
Net charges in items other than those in shareholders' equity	**–**	**–**	**–**	**–**	**–**	**(414)**	**(47)**	**(6)**	**(1,526)**	**(1,993)**
Balance at March 31, 2009	**135,855**	**¥14,630**	**¥9,877**	**¥17,176**	**¥(22)**	**¥ 625**	**¥ (116)**	**¥7,574**	**¥(1,145)**	**¥48,599**

	Shareholders' equity				Revaluation and translation adjustments				
	Common stock	Capital surplus	Retained earnings	Treasury stock (*)	Net unrealized gains on other securities	Losses on deferred hedges	Surplus from land revaluation	Foreign currency translation adjustments	Total net assets
					(Thousands of U.S. dollars)				
Balance at March 31, 2008	$148,943	$100,554	$242,692	$(224)	$10,585	$ (705)	$77,162	$ 3,880	$582,887
Dividends from surplus	**–**	**–**	**(13,825)**	**–**	**–**	**–**	**–**	**–**	**(13,825)**
Net income	**–**	**–**	**(53,281)**	**–**	**–**	**–**	**–**	**–**	**(53,281)**
Acquisition of treasury stock	**–**	**–**	**–**	**(20)**	**–**	**–**	**–**	**–**	**(20)**
Other	**–**	**(5)**	**(729)**	**14**	**–**	**–**	**–**	**–**	**(720)**
Net charges in items other than those in shareholders' equity	**–**	**–**	**–**	**–**	**(4,224)**	**(472)**	**(61)**	**(15,534)**	**(20,291)**
Balance at March 31, 2009	**$148,943**	**$100,549**	**$174,857**	**$(230)**	**$ 6,361**	**$(1,177)**	**$77,101**	**$(11,654)**	**$494,750**

(*) There were 50,974 shares and 53,066 shares of treasury stock as of March 31, 2008 and 2009, respectively.

The accompanying notes are an integral part of these financial statements.

Toho Zinc Co., Ltd. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,			
	2007	2008	2009	2009
	(Millions of yen)			(Thousands of U.S. dollars)
Cash flows from operating activities:				
Income (loss) before income taxes	¥16,957	¥ 16,543	**¥ (6,592)**	**$ (67,104)**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	2,285	2,660	**3,104**	**31,599**
Impairment loss on fixed assets	8	4	**131**	**1,330**
Write-down of investments securities	17	367	**4,531**	**46,126**
Increase (decrease) in allowance for doubtful accounts	99	12	**(80)**	**(818)**
Increase (decrease) in accrued directors' bonus	38	1	**(39)**	**(397)**
Increase (decrease) in accrued employees' pension and severance costs	(154)	(197)	**(246)**	**(2,507)**
Interest and dividend income	(231)	(440)	**(510)**	**(5,196)**
Interest expenses	467	657	**543**	**5,533**
Investment (gains) losses on equity method	(425)	(577)	**3,460**	**35,224**
Net loss on sale and disposal of property, plant and equipment	797	266	**298**	**3,039**
Gain on sale of securities	(0)	–	**–**	**–**
(Increase) decrease in notes and accounts receivable, trade	(8,330)	11,176	**8,987**	**91,490**
(Increase) decrease in inventories	(1,882)	(6,010)	**4,865**	**49,527**
Increase (decrease) in notes and accounts payable, trade	(33)	(3,853)	**2,952**	**30,053**
Other	110	302	**807**	**8,213**
Sub total	9,723	20,911	**22,211**	**226,112**
Interest and dividend income received	221	437	**557**	**5,674**
Interest expense paid	(473)	(654)	**(552)**	**(5,615)**
Income taxes paid	(3,475)	(10,534)	**(3,986)**	**(40,581)**
Net cash provided by operating activities	5,996	10,160	**18,230**	**185,590**
Cash flows from investing activities:				
Payments for purchases of property, plant and equipment	(1,978)	(2,795)	**(4,439)**	**(45,193)**
Proceeds from sale of property, plant and equipment	21	15	**15**	**157**
Payments for purchases of investment securities	(1,567)	(5,168)	**(5)**	**(58)**
Proceeds from sale of investments securities	4	–	**–**	**–**
Payments for purchases of investments in affiliates	(2,495)	(294)	**–**	**–**
Additions to loans receivable	(1,361)	–	**–**	**–**
Other	(742)	(128)	**(199)**	**(2,027)**
Net cash used in investing activities	(8,118)	(8,370)	**(4,628)**	**(47,121)**
Cash flows from financing activities:				
Increase in short-term borrowings	–	–	**877**	**8,928**
Increase (decrease) in commercial paper, net	3,000	(5,000)	**(1,000)**	**(10,180)**
Proceeds from long-term debt	–	8,000	**700**	**7,126**
Repayments of long-term debt	(2,286)	(2,318)	**(4,896)**	**(49,844)**
Proceeds from issuance of stock	8,776	–	**–**	**–**
Cash dividends paid	(629)	(1,359)	**(1,358)**	**(13,825)**
Other	(9)	(4)	**(1)**	**(11)**
Net cash provided by (used in) financing activities	8,852	(681)	**(5,678)**	**(57,806)**
Effect of exchange rate changes on cash and cash equivalents	(4)	(8)	**2**	**21**
Net increase in cash and cash equivalents	6,726	1,101	**7,926**	**80,684**
Cash and cash equivalents at beginning of year	6,506	13,232	**14,333**	**145,912**
Cash and cash equivalents at end of year *(Note 8)*	¥13,232	¥ 14,333	**¥22,259**	**$226,596**

The accompanying notes are an integral part of these financial statements.

Toho Zinc Co., Ltd. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2009

1. Summary of Significant Accounting Policies

(a) Basis of presentation

The accompanying consolidated financial statements of Toho Zinc Co., Ltd. (the "Company") and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain items presented in the consolidated financial statements submitted to the Direction of Kanto Financial Bureau in Japan have been reclassified in the accompanying consolidated financial statements for the convenience of readers outside Japan.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and any significant subsidiaries that are controlled by the Company. Under the effective control approach, all majority-owned companies are to be consolidated. Additionally, companies in which share ownership equals 50% or less may be required to be consolidated in cases where such companies are effectively controlled by other companies through the interests held by a party who has a close relationship with the parent in accordance with Japanese accounting standards. All significant inter-company transactions and accounts are eliminated in consolidation.

(c) Financial instruments

(1) Investment securities

Marketable securities classified as other securities are carried at fair value with any changes in unrealized gains or losses, net of income taxes, included directly in net assets.

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(2) Derivatives

All derivatives are recognized in the balance sheet at fair value, with changes in fair value included in net income for the period in which they arise, except for derivatives that are designated as "hedging instruments" (see Note 1-(c)-(3) Hedge accounting below).

1. Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

(3) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net income in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments held by the Companies are commodities futures. The related hedged items are commodities.

The Companies has a policy to utilize the above hedging instruments in order to reduce the Companies' exposure to the risk of the price fluctuation.

The Company evaluates effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedging transactions.

(d) Inventories

Finished goods, work in process and raw materials are stated at the lower of cost or market, which cost is primarily determined by the first-in first-out method. Supplies are stated at the lower of cost or market, which cost is determined by the average method.

(Changes in accounting policy)

(1) The Companies adopted the "Accounting Standard for Measurement of Inventories" (Statement No. 9 issued by the Accounting Standards Boards of Japan (the "ASBJ") on July 5, 2006) for the year ended March 31, 2009. Under this standard, inventories held for sale in the ordinary course of business in principle, shall be stated at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and direct selling expenses. As a result, operating income decreased by ¥1,717 million ($17,478 thousand), and loss before income taxes increased by the same amounts for the year ended March 31, 2009 from the corresponding amounts which would have been reported under the previous method.

The effect of the change on the segment information is described in Note 15.

(2) Effective April 1, 2008, the Company changed the method of accounting for inventories exclusive of supplies, from the last-in first-out method to the first-in first-out method. The reasons for this change are as follows:

- With the adoption of the "Accounting Standard for Measurement of Inventories" (Statement No. 9 issued by the ASBJ on July 5, 2006);
- To remedy the fact that major fluctuations in raw material prices in recent years have caused a sharp deviation between the values shown on the balance sheets and current market prices, enabling a more accurate representation of the Company's financial position; and,

1. Summary of Significant Accounting Policies (continued)

(d) Inventories (continued)

- Working to accelerate international convergence in accounting standards, the ASBJ scheduled to abolish the last-in first-out method effective April 1, 2010.

As a result, operating income decreased by ¥1,915 million ($19,497 thousand), and loss before income taxes increased by the same amounts for the year ended March 31, 2009 from the corresponding amounts which would have been reported under the previous method.

The effect of the change on the segment information is described in Note 15.

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost and have been mainly depreciated by the straight-line method over the estimated useful lives of respective assets.

(Changes in accounting policy)

In accordance with the revision made to the Corporate Tax Law of Japan (the "Tax Law") which went into effect on April 1, 2007, effective the year ended March 31, 2008, the Company and domestic consolidated subsidiaries have adopted the new method prescribed in the revised Tax Law for depreciating tangible fixed assets acquired on or after April 1, 2007. The effect of this change on operating income, and income before income taxes was immaterial.

(Additional information)

(1) Effective from the year ended March 31, 2008, the Company and domestic consolidated subsidiaries depreciate the difference between 5% of acquisition cost and nominal value by the straight-line method over a period of five years from the year following the year in which the accumulated depreciation has reached 95% of acquisition cost with respect to the tangible fixed assets acquired on or before March 31, 2007. As a result, operating income, and income before income taxes both decreased by ¥411 million for the year ended March 31, 2008 from the corresponding amounts which would have been reported under the previous method.

The effect of the change on the segment information is described in Note 15.

(2) Effective from the year ended March 31, 2009, the Company and domestic consolidated subsidiaries, accompanying the revision of the Tax Law, changed the useful lives of machinery and equipment. As a result, operating income decreased by ¥391 million ($3,985 thousand), and loss before income taxes increased by the same amounts for the year ended March 31, 2009 from the corresponding amounts which would have been reported under the previous method.

The effect of the change on the segment information is described in Note 15.

1. Summary of Significant Accounting Policies (continued)

(f) Intangible assets and amortization

Software for internal use is amortized by using the straight-line method over estimated useful lives (less than 5 years).

(g) Leases

Lease assets used under finance leases and capitalized, are depreciated over the lease terms of respective assets by the straight-line method.

Finance leases which took place prior to April 1, 2008, and do not transfer ownership of the leased assets to the lessee, continue to be accounted for as operating leases.

(Changes in accounting policy)

Prior to April 1, 2008, the Company and domestic consolidated subsidiaries accounted for finance leases which do not transfer ownership of the leased assets to the lessee as operating leases. Effective from the year ended March 31, 2009, the Company and domestic consolidated subsidiaries adopted the "Accounting Standard for Lease Transactions" (Statement No. 13 issued by the ASBJ on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (Guidance No. 16 issued by the ASBJ on March 30, 2007), 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 which took place prior to April 1, 2008, and have been accounted for as operating leases, continue to be accounted for as operating leases.

Effect of this change on operating income, and loss before income taxes was zero.

(h) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on collection. The allowance consists of the estimated uncollectible amounts with respect to specific receivables plus a percentage based on historical credit losses.

(i) Accrued directors' and statutory auditor's retirement allowances

In order to prepare for the disbursements of the directors' and statutory auditor's retirement allowances, the Company records an amount required to be paid out as at the end of the fiscal year which is calculated based on internal rules.

Note that the Company discontinued the system for directors' and statutory auditor's retirement allowances in accordance with a decision by the board of directors held on May 22, 2007, and hence the balance as at the end of this consolidated fiscal year is the amount for periods in which the directors and statutory auditors served prior to June 2007.

1. Summary of Significant Accounting Policies (continued)

(j) Accrued directors' bonuses

Accrued directors' bonuses at the balance sheet date are based on an estimate of the amount to be paid as bonuses for services rendered by that date.

(Changes in accounting policy)

Effective from the year ended March 31, 2007, the Company adopted the "Accounting standard for directors' bonus" (Statement No. 4 issued by the ASBJ on November 29, 2005). As a result, operating income and income before income taxes decreased by ¥38 million, respectively, for the year ended March 31, 2007 from the corresponding amounts which would have been reported under the previous method.

The effect of the change on the segment information is described in Note 15.

(k) Accrued environmental allowances

Accrued environmental allowances are estimated and recorded to provide for future potential costs, such as costs related to disposal of polychlorinated biphenyl (PCB).

(l) Accrued expected losses on construction contracts in process allowances

In order to prepare for future losses related to construction orders, the Company has recorded an estimated amount for construction which has yet to be transferred as at the end of the consolidation fiscal year.

(m) Accrued employees' pension and severance costs

Accrued employees' retirement benefits are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over the period of 10 years which are the average remaining year of service of the employees.

Prior service cost is being amortized as incurred by the straight-line method over the period of 10 years which are the average remaining years of service of the employees.

(n) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hands, bank deposits be able to withdraw on demand and short-term investments with original maturity of three months or less and minor risk for the fair value fluctuation.

1. Summary of Significant Accounting Policies (continued)

(o) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(p) Foreign currency translation

(1) Foreign currency transaction

All receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing at the balance sheet date.

(2) Foreign currency financial statements

The assets and liabilities of the foreign consolidated subsidiaries are translated into Japanese yen at current exchange rate prevailing at the balance sheet date. Revenue and expense accounts are translated at current exchange rate prevailing at the balance sheet date. Foreign currency translation adjustments are included in net assets.

(q) Appropriation of retained earnings

Cash dividends and transfers to legal reserve are recorded in the fiscal year that the proposed appropriation of retained earnings is approved at the shareholders' meeting.

(r) Net income per share

Net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year.

2. U.S. Dollar Amounts

U.S. dollar amounts presented in the accompanying consolidated financial statements and in these notes are included solely for the convenience of readers onside of Japan, at the prevailing exchange rate of ¥98.23 to U.S.$1 on March 31, 2009. These translations should not be construed as representations that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that or any other rate.

3. Investments in Non-Consolidated Subsidiaries and Affiliates

Investments in non-consolidated subsidiaries and affiliates as of March 31, 2008 and 2009 were summarized as follows:

	March 31,		
	2008	2009	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Subsidiaries	¥ 411	**¥ 411**	**$ 4,190**
Affiliates	11,082	**2,342**	**23,842**
	¥11,493	**¥2,753**	**$28,032**

4. Land Revaluation

In accordance with the Land Revaluation Law, the Company's land used for its business operations was revalued as follows:

Date of revaluation: March 31, 2000

The difference between total fair value of land at March 31, 2009 and the total book value after revaluation of land: ¥5,340 million
($54,357 thousand)

The tax effect of the excess on revaluation is recorded as "Deferred tax liabilities related to land revaluation" which is included in liabilities, and the remainder, net of income taxes portion of the excess on revaluation is presented as "Surplus from land revaluation" which is included in net assets.

5. Commitments and Contingent Liabilities

The Companies were contingently liable as guarantors for loans of other companies in the aggregate amount of ¥707 million ($7,198 thousand) at March 31, 2009.

The Company has entered into loan commitment agreements amounting to ¥5,600 million ($57,009 thousand) with financial institutes at March 31, 2009. The loans payable outstanding was zero, and therefore, the unused balances was ¥5,600 million ($57,009 thousand) under the credit facilities as of March 31, 2009.

6. Research and Development Costs

Research and development costs, which are included in selling, general and administrative expenses, were ¥262 million, ¥261 million and ¥284 million ($2,896 thousand) for the years ended March 31, 2007, 2008 and 2009, respectively.

7. Impairment Loss on Fixed Assets

The Company has recognized impairment losses on the assets group for the year ended March 31, 2007, 2008 and 2009 as follows:

Year ended March 31, 2007			
Location	Use	Category	*(Millions of yen)*
Annaka City, Gumma, other	Idle assets	Machinery,	¥7
		Buildings and structures,	1
		Others	0
			¥8

Year ended March 31, 2008			
Location	Use	Category	*(Millions of yen)*
Shandong, China	Idle assets	Machinery,	¥4
		Others	0
			¥4

Year ended March 31, 2009				
Location	Use	Category	*(Millions of yen)*	*(Thousands of U.S. dollars)*
Iwaki City, Fukushima	**Idle assets**	**Machinery,**	**¥ 96**	**$ 980**
		Structures	**35**	**350**
			¥131	**$1,330**

The Company determined asset group based on the categories used for their managerial accounting. With respect to idle assets, each asset is treated as an individual unit to apply the accounting for the impairment.

The Company recognized impairment losses for entire book value of idle assets on the ground that they were projected to generate no future cash-in flows and were not readily salable either.

8. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2008 and 2009 were composed of the followings:

	March 31,		
	2008	**2009**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Cash and time deposits	¥14,358	**¥22,284**	**$226,851**
Less:			
Time deposits with a maturity of more than three months when purchased	(25)	**(25)**	**(255)**
Cash and cash equivalents	¥14,333	**¥22,259**	**$226,596**

9. Leases

As lessees:

As described in Note 1 (g), the Company and domestic consolidated subsidiaries accounted for finance leases which took place prior April 1, 2008, and do not transfer ownership of the leased assets to the lessee, as operating leases.

The following pro forma amounts represent the acquisition cost, accumulated depreciation and net book value of the leased assets at March 31, 2008 and 2009 which would have been reflected in the consolidated balance sheets if these lease transactions had been accounted for as financing leases:

	March 31,		
	2008	2009	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Acquisition cost of machinery and equipment	¥ 137	**¥ 137**	**$ 1,402**
Accumulated depreciation of machinery and equipment	(39)	**(61)**	**(623)**
Net book value	¥ 98	**¥ 76**	**$ 779**
Acquisition cost of furniture and fixtures	¥ 151	**¥ 151**	**$ 1,544**
Accumulated depreciation of furniture and fixtures	(109)	**(125)**	**(1,273)**
Net book value	¥ 42	**¥ 26**	**$ 271**

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2009 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	*(Millions of yen)*	*(Thousands of U.S. dollars)*
2010	**¥ 31**	**$ 320**
2011 and thereafter	**72**	**730**
Net book value	**¥103**	**$1,050**

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements for the years ended March 31, 2007, 2008 and 2009 totaled ¥36 million, ¥42 million and ¥37 million ($378 thousand), respectively. The pro forma depreciation of the assets leased under finance leases accounted for as operating leases for the years ended March 31, 2007, 2008 and 2009 amounted to ¥36 million, ¥42 million and ¥37 million ($378 thousand), respectively.

10. Investment Securities

The Company classified investment securities other than those of subsidiaries and affiliates into two categories: held-to-maturity securities or other securities.

The aggregate cost and fair value (carrying value) of marketable securities which were included in investment securities at March 31, 2008 and 2009 were as follows:

	March 31, 2008		
	Cost	Fair value (carrying value)	Unrealized gains (losses)
		(Millions of yen)	
Securities for which fair value exceeds cost:			
Equity securities	¥1,785	¥4,192	¥2,407
Debt securities	–	–	–
Securities for which cost exceeds fair value:			
Equity securities	794	676	(118)
Debt securities	4,963	4,461	(502)
Total	¥7,542	¥9,329	¥1,787

	March 31, 2009		
	Cost	Fair value (carrying value)	Unrealized gains (losses)
		(Millions of yen)	
Securities for which fair value exceeds cost:			
Equity securities	**¥1,655**	**¥2,758**	**¥1,103**
Debt securities	–	–	–
Securities for which cost exceeds fair value:			
Equity securities	**657**	**593**	**(64)**
Debt securities	**705**	**705**	–
Total	**¥3,017**	**¥4,056**	**¥1,039**

	March 31, 2009		
	Cost	Fair value (carrying value)	Unrealized gains (losses)
		(Thousands of U.S. dollars)	
Securities for which fair value exceeds cost:			
Equity securities	**$16,852**	**$28,078**	**$11,226**
Debt securities	–	–	–
Securities for which cost exceeds fair value:			
Equity securities	**6,690**	**6,033**	**(657)**
Debt securities	**7,173**	**7,173**	–
Total	**$30,715**	**$41,284**	**$10,569**

As at March 31, 2008 and 2009, the carrying amount of non-marketable equity securities and debt securities, which were included in investment securities, were ¥929 million and 1,361 million, and ¥929 million ($9,461 thousand) and none, respectively.

11. Derivative Financial Instruments

The Company enters into forward exchange contracts, commodity futures and interest rate swaps. Forward exchange contracts and commodity futures are utilized to hedge currency risk exposures. Interest rate swaps are utilized to hedge against possible future changes in interest rates on borrowings. The Company uses derivative instruments only for hedging purposes and not for purposes of trading or speculation.

All derivative contracts that the Company held as of March 31, 2008 and 2009, are qualified for hedge accounting and excluded from the disclosure of fair value information.

12. Employees' Pension and Severance Costs

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., defined benefit corporate pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.
The funded status of retirement benefit obligations at March 31, 2008 and 2009 were as follows:

	March 31,		
	2008	2009	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Projected benefit obligations	¥ 4,729	**¥ 4,601**	**$ 46,840**
Plan assets at fair value	(1,510)	**(1,385)**	**(14,096)**
Unfunded status	3,219	**3,216**	**32,744**
Unrecognized actuarial loss	(214)	**(419)**	**(4,272)**
Unrecognized prior service benefit	389	**351**	**3,572**
Accrued employees' pension and severance costs	¥ 3,394	**¥ 3,148**	**$ 32,044**

The compositions of employees' pension and severance expense for the years ended March 31, 2007, 2008 and 2009 were as follows:

	Year ended March 31,			
	2007	2008	2009	2009
	(Millions of yen)			*(Thousands of U.S. dollars)*
Service cost	¥271	¥251	**¥213**	**$2,172**
Interest cost	108	103	**89**	**912**
Expected return on plan assets	(31)	(34)	**(30)**	**(308)**
Amortization of actuarial loss	78	73	**79**	**800**
Amortization of prior service costs	–	–	**(39)**	**(397)**
Total	¥426	¥393	**¥312**	**$3,179**

12. Employees' Pension and Severance Costs (continued)

The assumptions used for in accounting for the defined benefit pension plans for the years ended March 31, 2007, 2008 and 2009 were as follows:

	Year ended March 31,		
	2007	2008	2009
Discount rate	2.0%	2.0%	**2.0%**
Expected rate of return on plan assets	2.0%	2.0%	**2.0%**

13. Income Taxes

At March 31, 2008 and 2009, significant components of deferred tax assets and liabilities were as follows:

	March 31,		
	2008	2009	2009
	(Millions of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Accrued employees' pension and severance costs	¥1,370	**¥1,275**	**$12,975**
Accrued employees' bonus	319	**157**	**1,599**
Inventories write-off	–	**699**	**7,114**
Elimination of intercompany profits	116	**112**	**1,140**
Accrued enterprise tax	111	**55**	**562**
Write-down of investment securities	–	**1,733**	**17,644**
Losses on deferred hedges	47	**79**	**808**
Other	220	**967**	**9,843**
Gross deferred tax assets	2,183	**5,077**	**51,685**
Less: Valuation allowance	67	**514**	**5,233**
Total deferred tax assets	2,116	**4,563**	**46,452**
Deferred tax liabilities:			
Special tax-purpose reserve for condensed booking of tangible assets	(30)	**(28)**	**(283)**
Unrealized gains on other securities	(660)	**(407)**	**(4,139)**
Total deferred tax liabilities	(690)	**(435)**	**(4,422)**
Net deferred tax assets	¥1,426	**¥4,128**	**$42,030**
Deferred tax liabilities:			
Deferred tax liabilities related to land revaluation	¥5,785	**¥5,781**	**$58,851**

The reconciliation between the statutory tax rate and the effective tax rate for the years ended March 31, 2007 and 2008 is not shown because the difference was less than 5% of the statutory tax rate, and for the year ended March 31, 2009 is not shown because the Company incurred loss before income taxes.

14. Net Assets

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock. Such distributions can be made at any time by resolution of the stockholders, or by the Board of Directors if certain conditions are met.

15. Segment Information

Business segment information

Information about business segment of the Companies for the years ended March 31, 2007, 2008 and 2009 is as follows:

Year ended March 31, 2007

	Business segment				Eliminations	
	Industry A	Industry B	Industry C	Other	and corporate	Consolidated
	(Millions of yen)					
Net sales:						
Customers	¥97,623	¥10,844	¥9,481	¥ 9,928	¥ –	¥127,876
Inter-segment	506	13	124	3,621	(4,264)	–
Total	98,129	10,857	9,605	13,549	(4,264)	127,876
Cost and expenses	81,980	10,271	7,871	12,151	(3,861)	108,412
Operating income (loss)	16,149	586	1,734	1,398	(403)	19,464
Total assets	65,017	11,942	9,473	5,483	33,931	125,847
Depreciation and amortization	1,402	320	311	156	96	2,285
Impairment loss of fixed assets	8	–	–	–	–	8
Capital expenditures	¥ 1,569	¥ 259	¥ 172	¥ 2,071	¥ 50	¥ 2,121

Year ended March 31, 2008

	Business segment				Eliminations	
	Industry A	Industry B	Industry C	Other	and corporate	Consolidated
	(Millions of yen)					
Net sales:						
Customers	¥113,729	¥10,901	¥12,287	¥10,473	¥ –	¥147,390
Inter-segment	730	11	162	4,949	(5,852)	–
Total	114,459	10,912	12,449	15,422	(5,852)	147,390
Cost and expenses	102,001	9,786	10,137	13,606	(5,423)	130,107
Operating income (loss)	12,458	1,126	2,312	1,816	(429)	17,283
Total assets	66,343	11,658	7,608	5,394	33,646	124,650
Depreciation and amortization	1,853	354	356	10	86	2,660
Impairment loss of fixed assets	–	4	–	–	–	4
Capital expenditures	¥ 2,136	¥ 373	¥ 315	¥ 231	¥ 90	¥ 3,146

15. Segment Information (continued)

Business segment information (continued)

	Year ended March 31, 2009					
	Business segment				Eliminations and corporate	Consolidated
	Industry A	Industry B	Industry C	Other		
	(Millions of yen)					
Net sales:						
Customers	**¥67,132**	**¥ 7,795**	**¥6,952**	**¥10,807**	**¥ –**	**¥ 92,686**
Inter-segment	**431**	**12**	**98**	**4,359**	**(4,900)**	**–**
Total	**67,563**	**7,807**	**7,050**	**15,166**	**(4,900)**	**92,686**
Cost and expenses	**68,294**	**7,334**	**6,437**	**13,505**	**(4,778)**	**90,792**
Operating income (loss)	**(731)**	**473**	**613**	**1,661**	**(122)**	**1,894**
Total assets	**47,832**	**11,015**	**6,047**	**4,898**	**38,033**	**107,825**
Depreciation and amortization	**2,072**	**391**	**409**	**155**	**77**	**3,104**
Impairment loss of fixed assets	**–**	**–**	**131**	**–**	**–**	**131**
Capital expenditures	**¥ 3,323**	**¥ 536**	**¥ 392**	**¥ 126**	**¥ 113**	**¥ 4,490**

	Year ended March 31, 2009					
	Business segment				Eliminations and corporate	Consolidated
	Industry A	Industry B	Industry C	Other		
	(Thousands of U.S. dollars)					
Net sales:						
Customers	**$683,415**	**$ 79,356**	**$70,774**	**$110,013**	**$ –**	**$ 943,558**
Inter-segment	**4,384**	**121**	**1,001**	**44,379**	**(49,885)**	**–**
Total	**687,799**	**79,477**	**71,775**	**154,392**	**(49,885)**	**943,558**
Cost and expenses	**695,245**	**74,661**	**65,527**	**137,481**	**(48,642)**	**924,272**
Operating income (loss)	**(7,446)**	**4,816**	**6,248**	**16,911**	**(1,243)**	**19,286**
Total assets	**486,935**	**112,133**	**61,561**	**49,864**	**387,184**	**1,097,677**
Depreciation and amortization	**21,092**	**3,982**	**4,168**	**1,573**	**784**	**31,599**
Impairment loss of fixed assets	**–**	**–**	**1,330**	**–**	**–**	**1,330**
Capital expenditures	**$ 33,833**	**$ 5,454**	**$ 3,989**	**$ 1,286**	**$ 1,146**	**$ 45,708**

Notes: (a) The primary products of each business segment are as follows:

- Industry A of Smelting industry consists of mainly zinc, lead, electric silver and sulfuric acid etc.;
- Industry B of Electric Material industry consists of battery material and building material etc.;
- Industry C of Environment and Recycling industry consists of Zinc oxide etc.; and,
- Other consists of Soundproofing construction materials etc.

15. Segment Information (continued)

Business segment information (continued)

Notes: (b) (Changes in accounting policy)

(1) As described in Note 1 (j), effective from the year ended March 31, 2007, the Company adopted the "Accounting standard for directors' bonus" (Statement No. 4 issued by the ASBJ on November 29, 2005). As a result, operating income of "Eliminations and corporate" decreased by ¥38 million for the year ended March 31, 2007 from the corresponding amounts which would have been reported under the previous method.

(2) As described in Note 1 (d), the Companies adopted the "Accounting Standard for Measurement of Inventories" (Statement No. 9 issued by the ASBJ on July 5, 2006) for the year ended March 31, 2009. As a result, operating loss of Industry A increased by ¥1,438 million ($14,641 thousand), operating income of Industry B and Industry C decreased by ¥29 million ($301 thousand) and ¥249 million ($2,537 thousand), respectively, for the year ended March 31, 2009 from the corresponding amounts which would have been reported under the previous method.

(3) As described in Note 1 (d), effective April 1, 2008, the Company changed the method of accounting for inventories exclusive of supplies, from the last-in first-out method to the first-in first-out method. As a result, operating loss of Industry A increased by ¥1,939 million ($19,749 thousand), operating income of Industry C increased by ¥24 million ($252 thousand), for the year ended March 31, 2009 from the corresponding amounts which would have been reported under the previous method.

Notes: (c) (Additional information)

(1) As described in Note 1 (e), effective from the year ended March 31, 2008, the Company and its domestic subsidiaries depreciate the difference between 5% of acquisition cost and nominal value by the straight-line method over a period of five years from the year following the year in which the accumulated depreciation has reached 95% of acquisition cost with respect to the tangible fixed assets acquired on or before March 31, 2007. As a result, operating income of Industry A, Industry B, Industry C and other decreased by ¥351 million, ¥24 million, ¥46 million and ¥14 million, respectively for the year ended March 31, 2008 from the corresponding amounts which would have been reported under the previous method.

(2) As described in Note 1 (e), effective from the year ended March 31, 2009, the Company and its domestic subsidiaries changed the durable years of machinery and equipment. As a result, operating income of Industry A, Industry B and other decreased by ¥282 million ($2,879 thousand), ¥50 million ($519 thousand) and ¥57 million ($585 thousand), respectively for the year ended March 31, 2009 from the corresponding amounts which would have been reported under the previous method.

16. Related Party Transactions

(Additional information)

The Company adopted the "Accounting Standard for Related Party Disclosures" (Statement No. 11 issued by the ASBJ on October 17, 2006) and "Implementation Guidance on Accounting Standard for Related Party Disclosures" (Guidance No. 13 issued by the ASBJ on October 17, 2006) for the year ended March 31, 2009. As a result, significant related party to be additionally disclosed was none.

1. Related party transactions

The Company owns 28.5% of outstanding shares of CBH Resources Ltd., which operates mining business.

The transactions and account balances with CBH Resources Ltd. as of March 31 2009 was as follows:

- Transactions

	Year ended March 31,			
	2007	**2008**	**2009**	**2009**
	(Millions of yen)			*(Thousands of U.S. dollars)*
Loans	¥1,361	¥ –	**¥ –**	**$ –**
Underwriting convertible bonds	1,361	4,963	**–**	**–**
Converte bonds into stocks	–	–	**1,361**	**13,859**
Interests	73	377	**296**	**3,016**

- Account balances

	March 31,		
	2008	**2009**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Long-term loans receivable	¥1,361	**¥1,361**	**$13,859**
Investment securities	5,822	**705**	**7,173**
Other current assets	208	**213**	**2,165**

Terms of transactions:

- Terms of loan and convertible bonds' interest rate are determined under general market conditions.
- Terms of loan and convertible bonds' repayment period are 5 years.
- The collaterals for the loan and convertible bonds are not provided.
- Convertible bonds were converted into ordinary stocks for ¥37 per stock.

16. Related Party Transactions (continued)

2. Note about significant affiliate

For the year ended March 31, 2009, CBH Resources Ltd., was recognized as significant affiliate and summary of its financial statements were as follows:

	(Millions of yen)	*(Thousands of U.S. dollars)*
Total current assets	**¥ 4,976**	**$ 50,657**
Total fixed assets	**12,934**	**131,676**
Total current liabilities	**1,844**	**18,779**
Total long-term liabilities	**12,140**	**123,591**
Total net assets	**3,926**	**39,963**
Net sales	**12,993**	**132,276**
Income (loss) before income taxes	**(10,711)**	**(109,041)**
Net income (loss)	**(9,678)**	**(98,531)**

17. Inventories

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

	March 31,		
	2008	**2009**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Finished goods	¥ 6,911	**¥ 6,384**	**$ 64,989**
Work in process	6,028	**4,897**	**49,858**
Raw materials and supplies	13,577	**10,370**	**105,565**
Total	¥26,516	**¥21,651**	**$220,412**

18. Short-Term Borrowings and Long-Term Debt

Short-term borrowings and long-term debt at March 31, 2008 and 2009 consisted of the following:

	March 31,				
	2008	2009			2009
		Amount	Weighted average interest rate	Last due on	
	(Millions of yen)				(Thousands of U.S. dollars)
Short-term bank loans	¥21,601	**¥22,478**	**1.1%**		**$228,830**
Current portion of long-term debt	4,896	**3,390**	**1.3**		**34,514**
Long-term debt	11,618	**8,928**	**1.5**	**2010.4 ~ 2022.9**	**90,890**
Commercial papers	3,000	**2,000**	**0.9**		**20,361**
Total	¥41,115	**¥36,796**			**$374,595**

Average interest rates are calculated by using weighted-average interest rates as at March 31, 2009.

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

Year ending March 31,	(Millions of yen)	(Thousands of U.S. dollars)
2010	**¥ 3,390**	**$ 34,514**
2011	**6,031**	**61,401**
2012	**2,082**	**21,190**
2013	**601**	**6,123**
2014	**182**	**1,847**
Thereafter	**32**	**329**
Total	**¥12,318**	**$125,404**

Assets pledged as collateral for the short-term borrowings and the long-term debt at March 31, 2008 and 2009 were as follows:

	March 31,		
Pledged assets	2008	2009	2009
	(Millions of yen)		(Thousands of U.S. dollars)
Land	¥13,794	**¥13,794**	**$140,434**
Buildings and structures	5,037	**5,206**	**53,000**
Machinery and equipment	10,203	**10,113**	**102,957**
Investment securities	487	**196**	**1,995**
Total	¥29,521	**¥29,309**	**$298,386**

18. Short-Term Borrowings and Long-Term Debt (continued)

	March 31,		
	2008	**2009**	**2009**
	(Millions of yen)		*(Thousands of U.S. dollars)*
Short-term bank loans	¥ 30	**¥ –**	**$ –**
Current portion of long-term debt	2,122	**1,494**	**15,209**
Long-term debt	5,510	**4,016**	**40,883**
Total	¥7,662	**¥5,510**	**$56,092**