

November 25, 2011

Consolidated Financial Results(Unaudited)

(For the Year Ended September 30, 2011)

Company name: **Unipulse Corporation**

Code number: 6842

Stock listings: Tokyo Stock Exchange, Second section

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Adoption of US GAAP : None

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*Financial statements in this document are translated from the original Japanese version in accordance with **Japanese GAAP**. Please note that if there is any discrepancy, the original Japanese version will take priority.*

The financial data provided in this document is unaudited and restatements may not fully reflect all changes in Japanese GAAP. However, we believe that providing such information may be useful for investors to understand our historical development.

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: thousand yen)

Titles of Accounts	As of Sep. 30, 2010	As of Sep. 30, 2011
Assets		
Current assets		
Cash and deposits	3,665,857	1,271,315
Notes and accounts receivable-trade	1,012,590	1,079,586
Accounts receivable-completed construction contracts	16,956	41,903
Short-term investment securities	5,029	2,505,033
Merchandise and finished goods	79,894	129,831
Work in process	490,172	599,763
Raw materials and supplies	317,389	479,499
Costs on uncompleted construction contracts	37,925	91,324
Deferred tax assets	95,045	135,986
Other	28,333	36,630
Allowance for doubtful accounts	(6,469)	(2,606)
Total current assets	5,742,725	6,368,267
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,308,828	1,311,969
Accumulated depreciation	(721,422)	(750,163)
Buildings and structures, net	587,405	561,805
Land	920,996	920,996
Other	592,359	563,606
Accumulated depreciation	(438,535)	(415,686)
Other, net	153,823	147,920
Total property, plant and equipment	1,662,225	1,630,721
Intangible assets		
Goodwill	15,436	—
Other	22,648	14,834
Total intangible assets	38,085	14,834
Investments and other assets		
Investment securities	15,889	43,888
Long-term loans receivable	7,062	6,654
Long-term loans receivable from directors and employees	216,535	215,518
Long-term prepaid expenses	1,107	300
Deferred tax assets	18,270	21,687
Real estate for investment, net	198,677	196,057
Other	83,105	63,350
Allowance for doubtful accounts	(6,575)	(6,404)
Total investments and other assets	534,071	541,052
Total noncurrent assets	2,234,381	2,186,608
Total assets	7,977,106	8,554,876

(Unit: thousand yen)

Titles of Accounts	As of Sep. 30, 2010	As of Sep. 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	581,631	858,276
Accounts payable for construction contracts	24,710	91,114
Current portion of bonds	110,000	140,000
Current portion of long-term loans payable	488,440	473,170
Income taxes payable	47,387	338,891
provision for loss on head office transfer	9,571	—
Other	129,222	273,746
Total current liabilities	<u>1,390,961</u>	<u>2,175,198</u>
Noncurrent liabilities		
Bonds payable	200,000	60,000
Long-term loans payable	1,249,700	776,530
Provision for retirement benefits	38,371	44,411
Provision for directors' retirement benefits	13,650	5,100
Negative goodwill	82,418	57,203
Long-term accounts payable-other	295,543	295,543
Other	12,902	12,000
Total noncurrent liabilities	<u>1,892,586</u>	<u>1,250,788</u>
Total liabilities	<u>3,283,548</u>	<u>3,425,986</u>
Net assets		
Shareholders' equity		
Capital stock	1,733,612	1,733,612
Capital surplus	1,733,505	1,733,505
Retained earnings	1,418,671	1,843,329
Treasury stock	(187,057)	(187,082)
Total shareholders' equity	<u>4,698,730</u>	<u>5,123,363</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(5,172)	(8,466)
Foreign currency translation adjustment	—	435
Total valuation and translation adjustments	<u>(5,172)</u>	<u>(8,030)</u>
Subscription rights to shares	—	13,556
Total net assets	<u>4,693,558</u>	<u>5,128,890</u>
Total liabilities and net assets	<u>7,977,106</u>	<u>8,554,876</u>

(2) Consolidated Statements of Income

(Unit: thousand yen)

Titles of Accounts	Year ended As of Sep. 30, 2010	Year ended As of Sep. 30, 2011
Net sales	3,778,146	4,744,736
Cost of sales	2,074,393	2,444,361
Gross profit	1,703,753	2,300,374
Selling, general and administrative expenses	1,490,188	1,498,077
Operating income	213,564	802,297
Non-operating income		
Interest income	7,182	10,444
Dividends income	7	104
Amortization of negative goodwill	25,215	25,215
Real estate rent	34,478	23,907
Other	9,378	4,040
Total non-operating income	76,261	63,713
Non-operating expenses		
Interest expenses	33,265	25,700
Sales discounts	243	131
Expenses of real estate rent	7,123	5,212
Amortization of business commencement expenses	—	4,163
Loss on insurance cancellation	—	3,611
Other	4,509	2,879
Total non-operating expense	45,142	41,699
Ordinary income	244,683	824,311
Extraordinary income		
Reversal of allowance for doubtful accounts	10,506	4,033
Gain on bad debts recovered	—	—
Gain on sales of noncurrent assets	269	40
Gain on reversal of subscription rights to shares	1,330	—
Gain on reversal of provision for loss on offices transfer	—	205
Total extraordinary income	12,105	4,280
Extraordinary loss		
Loss on sales of noncurrent assets	428	—
Loss on retirement of noncurrent assets	22,610	230
Impairment loss	8,880	—
Loss on sales of investment securities	50	—
Loss on offices transfer	24,061	—
Provisions for loss on offices transfer	9,571	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	3,089
Total extraordinary loss	65,600	3,320
Income before income taxes	191,187	825,271
Income taxes—current	31,778	369,990
Income taxes for prior periods	23,622	—
Income taxes—deferred	63,639	(44,357)
Total income taxes and other taxes	119,040	325,633
Income before minority interests	—	499,638
Net income	72,147	499,638

(3) Consolidated Statements of Comprehensive Income

(Unit: thousand yen)

Titles of Accounts	(Unit: thousand yen)	
	Year ended As of Sep. 30, 2010	Year ended As of Sep. 30, 2011
Income before minority interests	—	499,638
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(3,293)
Foreign currency translation adjustment	—	435
Total other comprehensive income	—	(2,858)
Comprehensive income	—	496,780
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	496,780
Comprehensive income attributable to minority interests	—	—

(4) Consolidated Statements of Changes in Net Assets

(Unit: thousand yen)

Titles of Accounts	Year ended As of Sep. 30, 2010	Year ended As of Sep. 30, 2011
Shareholders' equity		
Capital stock		
Balance at beginning of year	1,733,612	1,733,612
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	1,733,612	1,733,612
Capital surplus		
Balance at beginning of year	1,733,505	1,733,505
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	1,733,505	1,733,505
Retained earnings		
Balance at beginning of year	1,424,807	1,418,671
Changes of items during the period		
Dividends from surplus	(78,283)	(74,980)
Net income	72,147	499,638
Total changes of items during the period	(6,136)	424,657
Balance at end of year	1,418,671	1,843,329
Treasury stock		
Balance at beginning of year	(75,107)	(187,057)
Changes of items during the period		
Purchase of treasury stock	(111,949)	(24)
Total changes of items during the period	(111,949)	(24)
Balance at end of year	(187,057)	(187,082)
Total shareholders' equity		
Balance at beginning of year	4,816,816	4,698,730
Changes of items during the period		
Dividends from surplus	(78,283)	(74,980)
Net income	72,147	499,638
Purchase of treasury stock	(111,949)	(24)
Total changes of items during the period	(118,085)	424,633
Balance at end of year	4,698,730	5,123,363

(Unit: thousand yen)

Titles of Accounts	Year ended As of Sep. 30, 2010	Year ended As of Sep. 30, 2011
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at beginning of year	(7,525)	(5,172)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,352	(3,293)
Total changes of items during the period	2,352	(3,293)
Balance at end of year	(5,172)	(8,466)
Foreign currency translation adjustment		
Balance at beginning of year	—	—
Changes of items during the period		
Net changes of items other than shareholders' equity	—	435
Total changes of items during the period	—	435
Balance at end of year	—	435
Total valuation and translation adjustments		
Balance at beginning of year	(7,525)	(5,172)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,352	(2,858)
Total changes of items during the period	2,352	(2,858)
Balance at end of year	(5,172)	(8,030)
Subscription rights to shares		
Balance at beginning of year	1,330	—
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,330)	13,556
Total changes of items during the period	(1,330)	13,556
Balance at end of year	—	13,556
Total net assets		
Balance at beginning of year	4,810,621	4,693,558
Changes of items during the period		
Dividends from surplus	(78,283)	(74,980)
Net income	72,147	499,638
Purchase of treasury stock	(111,949)	(24)
Net changes of items other than shareholders' equity	1,022	10,698
Total changes of items during the period	(117,063)	435,331
Balance at end of year	4,693,558	5,128,890

(5) Consolidated Statements of Cash Flows

(Unit: thousand yen)

Titles of Accounts	Year ended As of Sep. 30, 2010	Year ended As of Sep. 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes	191,187	825,271
Depreciation	65,769	64,763
Impairment loss	8,880	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	3,089
Amortization of goodwill	43,095	15,436
Amortization of negative goodwill	(25,215)	(25,215)
Increase (decrease) in allowance for doubtful accounts	(7,597)	(4,033)
Increase (decrease) in provision for retirement benefits	1,680	6,039
Increase (decrease) in provision for directors' retirement benefits	4,200	(8,550)
Increase (decrease) in provision for loss on offices transfer	9,571	(9,571)
Loss (gain) on sales of investment securities	50	—
Interest and dividends income	(7,189)	(10,548)
Interest expenses	33,265	25,700
Loss (gain) on sales of noncurrent assets	158	(40)
Loss on retirement of noncurrent assets	22,610	230
Gain on reversal of subscription rights to shares	(1,330)	—
Decrease (increase) in notes and accounts receivable-trade	(240,334)	(91,942)
Decrease (increase) in inventories	97,405	(380,349)
Increase (decrease) in notes and accounts payable-trade	241,712	343,049
Increase (decrease) in advances received on uncompleted construction	(55,606)	22,954
Increase (decrease) in accounts payable-other	11,261	69,997
Increase (decrease) in income taxes payable-the factor based tax	(8,979)	(31,748)
Increase (decrease) in accrued consumption taxes	29,790	23,122
Other	11,862	45,387
Subtotal	<u>426,248</u>	<u>883,041</u>
Interest and dividends income received	6,816	10,385
Interest expenses paid	(33,887)	(25,914)
Income taxes (paid) refund	131,180	(56,485)
Net cash provided by (used in) operating activities	<u>530,358</u>	<u>811,027</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(34,212)	(9,038)
Proceeds from sales of property, plant and equipment	420	190
Purchase of intangible assets	(1,820)	(1,704)
Purchase of long-term prepaid expenses	—	(1,223)
Purchase of investment securities	(1,200)	(31,292)
Proceeds from sales of investment securities	50	—
Payments of loans receivable	(100,950)	—
Collection of loans receivable	2,424	1,410
Purchase of insurance funds	(3,347)	—
Other	31,683	10,025
Net cash provided by (used in) investing activities	<u>(106,951)</u>	<u>(31,633)</u>
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	400,000	—
Repayment of long-term loans payable	(698,440)	(488,440)
Redemption of bonds	(180,000)	(110,000)
Purchase of treasury stock	(112,299)	(24)
Cash dividends paid	(78,614)	(75,212)
Net cash provided by (used in) financing activities	<u>(669,354)</u>	<u>(673,677)</u>
Effect of exchange rate change on cash and cash equivalents	(390)	(253)
Net increase (decrease) in cash and cash equivalents	<u>(246,337)</u>	<u>105,462</u>
Cash and cash equivalents at beginning of year	3,917,224	3,670,886
Cash and cash equivalents at end of year	<u>3,670,886</u>	<u>3,776,349</u>

2. Non-consolidated financial statements

(1) Non-consolidated Balance Sheets

(Unit: thousand yen)

Titles of Accounts	As of Sep. 30, 2010	As of Sep. 30, 2011
Assets		
Current assets		
Cash and deposits	3,360,119	856,512
Notes receivable-trade	434,533	455,870
Accounts receivable-trade	479,018	542,705
Short-term investment securities	—	2,500,000
Merchandise and finished goods	67,835	92,310
Work in process	477,915	592,338
Raw materials and supplies	270,984	422,364
Prepaid expenses	14,481	15,351
Deferred tax assets	77,240	102,777
Other	12,457	37,319
Allowance for doubtful accounts	(2,968)	(2,232)
Total current assets	5,191,618	5,615,318
Noncurrent assets		
Property, plant and equipment		
Buildings	1,064,753	1,066,961
Accumulated depreciation	(568,469)	(589,142)
Buildings, net	496,284	477,818
Structures	23,275	23,989
Accumulated depreciation	(20,248)	(20,743)
Structures, net	3,027	3,246
Machinery and equipment	12,611	2,978
Accumulated depreciation	(11,931)	(2,948)
Machinery and equipment, net	680	29
Vehicles	13,239	13,239
Accumulated depreciation	(12,550)	(12,757)
Vehicles, net	689	482
Tools, furniture and fixtures	458,584	441,059
Accumulated depreciation	(318,136)	(305,106)
Tools, furniture and fixtures, net	140,448	135,952
Land	766,937	766,937
Total property, plant and equipment	1,408,067	1,384,468
Intangible assets		
Goodwill	7,460	—
Software	13,416	5,670
Right of trademark	—	168
Telephone subscription right	4,545	4,545
Right of using water facilities	330	228
Total intangible assets	25,753	10,613
Investments and other assets		
Investment securities	1,100	31,100
Stocks of subsidiaries and affiliates	1,342,261	1,342,261
Investments in capital	10	10
Investments in capital of subsidiaries and affiliates	—	24,405
Long-term loans receivable	7,062	6,654
Long-term loans receivable from directors and employees	216,535	215,518
Long-term prepaid expenses	1,107	300
Deferred tax assets	9,358	12,578
Real estate for investment, net	72,627	71,363
Other	51,024	46,405
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	1,701,080	1,750,591
Total noncurrent assets	3,134,901	3,145,673
Total assets	8,326,519	8,760,991

(Unit: thousand yen)

Titles of Accounts	As of Sep. 30, 2010	As of Sep. 30, 2011
Liabilities		
Current liabilities		
Notes payable-trade	408,162	637,783
Accounts payable-trade	91,270	124,526
Current portion of bonds	110,000	140,000
Short-term loans payable to subsidiaries and affiliates	270,000	220,000
Current portion of long-term loans payable	488,440	473,170
Accounts payable-other	79,465	108,017
Accrued expenses	12,972	23,540
Income taxes payable	45,277	333,514
Accrued consumption taxes	18,647	45,922
Advances received	9,267	10,979
Deposits received	22,548	23,448
Unearned revenue	1,988	1,748
Provision for loss on offices transfer	9,571	—
Other	405	11
Total current liabilities	1,568,017	2,142,662
Noncurrent liabilities		
Bonds payable	200,000	60,000
Long-term loans payable	1,249,700	776,530
Provision for retirement benefits	11,634	13,463
Long-term accounts payable-other	289,943	289,943
Other	12,000	12,000
Total noncurrent liabilities	1,763,278	1,151,937
Total liabilities	3,331,295	3,294,600
Net assets		
Shareholders' equity		
Capital stock	1,733,612	1,733,612
Capital surplus		
Legal capital surplus	1,433,505	1,433,505
Other capital surplus	300,000	300,000
Total capital surplus	1,733,505	1,733,505
Retained earnings		
Legal retained earnings	60,922	60,922
Other retained earnings		
General reserve	966,400	966,400
Retained earnings brought forward	687,842	1,145,477
Total retained earnings	1,715,164	2,172,799
Treasury stock	(187,057)	(187,082)
Total shareholders' equity	4,995,223	5,452,834
Subscription rights to shares	—	13,556
Total net assets	4,995,223	5,466,391
Total liabilities and net assets	8,326,519	8,760,991

(2) Non-consolidated Statements of Income

(Unit: thousand yen)

Titles of Accounts	Year ended As of Sep. 30, 2010	Year ended As of Sep. 30, 2011
Net sales		
Net sales of finished goods	2,575,921	3,314,099
Net sales of goods	347,224	421,549
Net sales	<u>2,923,146</u>	<u>3,735,648</u>
Cost of sales		
Beginning finished goods	34,900	35,486
Cost of products manufactured	1,247,080	1,494,452
Total	<u>1,281,980</u>	<u>1,529,939</u>
Ending finished goods	35,486	44,559
Cost of finished goods sold	1,246,493	1,485,379
Beginning goods	39,402	32,348
Cost of purchased goods	217,230	276,275
Transfer from other account	13,115	17,896
Total	<u>269,748</u>	<u>326,520</u>
Ending goods	32,348	47,751
Goods transfer to other account	18,583	14,754
Cost of goods sold	<u>218,816</u>	<u>264,015</u>
Cost of sales	<u>1,465,309</u>	<u>1,749,394</u>
Gross profit	<u>1,457,836</u>	<u>1,986,253</u>
Selling, general and administrative expenses	1,165,475	1,265,952
Operating income	<u>292,361</u>	<u>720,301</u>
Non-operating income		
Interest income	3,947	7,613
Interest on securities	3,133	2,713
Dividends income	74,998	103,331
Commission fee	5,840	10,700
Real estate rent	20,585	20,288
Other	7,455	2,908
Total non-operating income	<u>115,960</u>	<u>147,555</u>
Non-operating expenses		
Interest expenses	29,281	23,377
Interest on bonds	4,264	2,745
Sales discounts	243	131
Bond issuance cost	—	29
Expenses of real estate rent	3,439	2,535
Other	2,548	1,135
Total non-operating expense	<u>39,777</u>	<u>29,955</u>
Ordinary income	<u>368,543</u>	<u>837,901</u>
Extraordinary income		
Reversal of allowance for doubtful accounts	—	1,252
Gain on sales of noncurrent assets	269	—
Gain on reversal of provision for loss on offices transfer	—	205
Gain on reversal of subscription rights to shares	1,330	—
Total extraordinary income	<u>1,599</u>	<u>1,458</u>
Extraordinary loss		
Loss on retirement of noncurrent assets	17,178	208
Impairment loss	8,880	—
Loss on sales of investment securities	50	—
Loss on offices transfer	14,324	—
Provisions for loss on offices transfer	9,571	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,944
Total extraordinary loss	<u>50,004</u>	<u>3,153</u>
Income before income taxes	<u>320,138</u>	<u>836,206</u>
Income taxes—current	80,912	332,347
Income taxes for prior periods	23,581	—
Income taxes—deferred	33,836	(28,756)
Total income taxes and other taxes	<u>138,330</u>	<u>303,590</u>
Net income	<u>181,808</u>	<u>532,615</u>

(3) Non-consolidated Statements of Changes in Net Assets

(Unit: thousand yen)

Titles of Accounts	Year ended As of Sep. 30, 2010	Year ended As of Sep. 30, 2011
Shareholders' equity		
Capital stock		
Balance at beginning of year	1,733,612	1,733,612
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	1,733,612	1,733,612
Capital surplus		
Legal capital surplus		
Balance at beginning of year	1,433,505	1,433,505
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	1,433,505	1,433,505
Other capital surplus		
Balance at beginning of year	300,000	300,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	300,000	300,000
Total capital surplus		
Balance at beginning of year	1,733,505	1,733,505
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	1,733,505	1,733,505
Retained earnings		
Legal retained earnings		
Balance at beginning of year	60,922	60,922
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	60,922	60,922
Other retained earnings		
General reserve		
Balance at beginning of year	966,400	966,400
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of year	966,400	966,400
Retained earnings brought forward		
Balance at beginning of year	584,317	687,842
Changes of items during the period		
Dividends from surplus	(78,283)	(74,980)
Net income	181,808	532,615
Total changes of items during the period	103,524	457,635
Balance at end of year	687,842	1,145,477
Total retained earnings		
Balance at beginning of year	1,611,639	1,715,164
Changes of items during the period		
Dividends from surplus	(78,283)	(74,980)
Net income	181,808	532,615
Total changes of items during the period	103,524	457,635
Balance at end of year	1,715,164	2,172,799

(Unit: thousand yen)

Titles of Accounts	Year ended As of Sep. 30, 2010	Year ended As of Sep. 30, 2011
Treasury stock		
Balance at beginning of year	(75,107)	(187,057)
Changes of items during the period		
Purchase of treasury stock	(111,949)	(24)
Total changes of items during the period	(111,949)	(24)
Balance at end of year	(187,057)	(187,082)
Total shareholders' equity		
Balance at beginning of year	5,003,648	4,995,223
Changes of items during the period		
Dividends from surplus	(78,283)	(74,980)
Net income	181,808	532,615
Purchase of treasury stock	(111,949)	(24)
Total changes of items during the period	(8,425)	457,610
Balance at end of year	4,995,223	5,452,834
Subscription rights to shares		
Balance at beginning of year	1,330	—
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,330)	13,556
Total changes of items during the period	(1,330)	13,556
Balance at end of year	—	13,556
Total net assets		
Balance at beginning of year	5,004,978	4,995,223
Changes of items during the period		
Dividends from surplus	(78,283)	(74,980)
Net income	181,808	532,615
Purchase of treasury stock	(111,949)	(24)
Net changes of items other than shareholders' equity	(1,330)	13,556
Total changes of items during the period	(9,755)	471,167
Balance at end of year	4,995,223	5,466,391