

# enplas

## Business Report 2010

From April 1, 2009 to March 31, 2010

**Enplas Corporation**

TSE Code: 6961



## Enplas Corporate Philosophy

### Corporate Mission

Based on ties of trust, and keeping our solid management footing that allows us to respond to any changes with confidence, we strive to:

1. Offer products and services that satisfy our customers,
2. Nurture and maintain a high level of motivation among employees through appraisal and recognition of capabilities and achievements, and
3. Enhance the value of our business to meet the expectations of shareholders.

By fulfilling the ideals set forth in our mission statement, we are confident that our contributions to society will help build a better, more prosperous world for all.

### Business Domain

Enplas will continue pursuing cutting-edge technology and offering creative value to the global market, based on advanced expertise cultivated in the field of engineering plastics.

### Management Philosophy

1. We pursue greater competitive and growth capabilities by providing outstanding technology and reliable products.
2. We ensure steady corporate development by maintaining a sound financial position.
3. We aim to provide consistent quality in all our corporate activities.

### Guiding Principles for Our Employees

1. We seek to challenge ourselves by setting creative goals and pursuing them enthusiastically.
2. We value a sense of gratitude and an attitude to learn from others.
3. We make a clear distinction between public and private affairs and act in a fair and direct manner.

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## To Our Shareholders



The world economy and market environment have gradually started to show signs of recovery, led by expanding domestic demand in China and other emerging markets as well as the effects of various support measures taken by different countries. Although a modest turnaround was seen in our immediate business environment, depreciation of the Euro initiated by financial turmoil in Greece has become serious and the world economy remains in an uncertain situation.

I acknowledge that for Enplas to follow a course of further recovery, it will remain in a situation that does not allow premature conclusions.

Under these circumstances, we reorganized our conventional Business Units into Functional Headquarters and made efforts to streamline and standardize operations. Furthermore, we cut fixed costs significantly through structural reform, including withdrawal from unprofitable businesses, thereby managing to return to the black. Going forward, we will continue offering

satisfying services and value including increased productivity and speed that meets the needs of customers and the market.

Given the mounting awareness of global environment protection, we will also put effort into practicing environmentally friendly, energy-efficient business activities.

Although we anticipate uncertainty about the future to continue, the entire staff at Enplas will, with a sense of unity, make the utmost effort to create new value.

I appreciate your continuing support.

June 2010

Daisuke Yokota  
President



## Review of Operations

Despite the persistently remaining effects from the slowdown that began in autumn two years ago, the economic climate in the current consolidated fiscal year gradually started to show signs of recovery, driven by the economic stimulus packages implemented in different countries and the expanding domestic demand in China and other emerging markets. Nevertheless, with personal consumption still stagnant in Japan and concerns about protracted deflation and downside risks in overseas economies, the future remains difficult to forecast.

In the electronics parts industry that the Enplas Group belongs to, production picked up in some markets, which experienced a mild upswing. However, risk of yen appreciation, restraint of capital expenditures, and other factors are keeping the climate in this industry uncertain.

Faced with this business environment, the Group aimed to return to a sustainable growth track by leveraging its core Engineering Plastics Business as a driver to promote global expansion, strengthening earning power through differentiated technology in the Semiconductor Peripherals Business, expanding new products in the Plastic Optics Business, and implementing measures to reduce production costs, such as shifting production out of Japan.

As a result, net sales were 18,221 million yen (down 12.4% year on year) on a consolidated basis. In terms of profits, however, efforts to decrease the cost-of-sales ratio by increasing production efficiency and the effect of significant cuts in fixed costs resulted in an operating income of 683 million yen (compared to an operating loss of 2,008 million yen the previous fiscal year), an ordinary income of 654 million yen (compared to an ordinary loss of 1,721 million yen the previous fiscal year), and a current net income of 256 million yen (compared to a net loss of 7,188 million yen the previous fiscal year).

### **Management Policy for the 49th Term, Ended March 2010**

1. Pursue customer value
2. Develop and launch differentiated products
3. Develop and promote cost-reducing technologies
4. Improve operational quality through standardization and sharing

## Consolidated Business Results

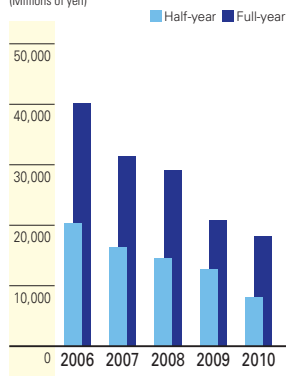
For the years ended March 31

(Millions of yen)

	2006		2007		2008		2009		2010	
	Half-year	Full-year	Half-year	Full-year	Half-year	Full-year	Half-year	Full-year	Half-year	Full-year
<b>For the year:</b>										
Net sales	20,368	40,189	16,343	31,444	14,498	29,112	12,643	20,796	<b>8,022</b>	<b>18,221</b>
Operating income (loss)	2,046	3,694	1,157	2,094	522	796	(294)	(2,008)	<b>(324)</b>	<b>683</b>
Ordinary income (loss)	2,124	3,832	1,196	2,173	542	763	(106)	(1,721)	<b>(327)</b>	<b>654</b>
Net income (loss)	766	1,506	(141)	17	(1,221)	(1,164)	(1,094)	(7,188)	<b>(440)</b>	<b>256</b>
<b>At year-end:</b>										
Total assets	51,100	52,319	49,965	49,409	46,516	42,863	40,358	32,500	<b>30,782</b>	<b>32,312</b>
Net assets	44,986	46,154	45,102	44,494	40,985	38,351	36,558	28,521	<b>27,440</b>	<b>28,546</b>
<b>Per share data (Yen):</b>										
Net income (loss) per share	36.98	70.81	(6.90)	0.87	(63.95)	(62.82)	(64.47)	(435.52)	<b>(28.57)</b>	<b>16.71</b>
Net assets per share	2,172.69	2,227.19	2,214.68	2,246.51	2,197.63	2,200.09	2,166.22	1,832.50	<b>1,778.23</b>	<b>1,845.21</b>
Dividend per share	12.00	22.00	10.00	20.00	5.00	10.00	5.00	10.00	<b>5.00</b>	<b>12.50</b>

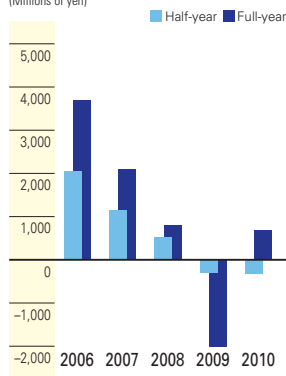
### Net sales

(Millions of yen)



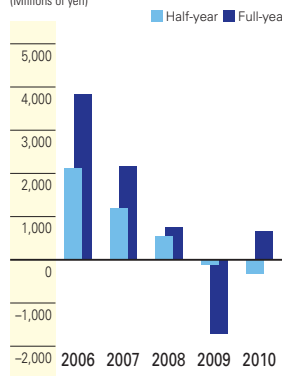
### Operating income (loss)

(Millions of yen)



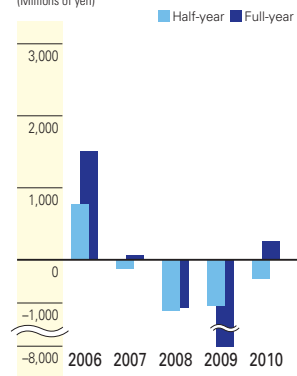
### Ordinary income (loss)

(Millions of yen)



### Net income (loss)

(Millions of yen)

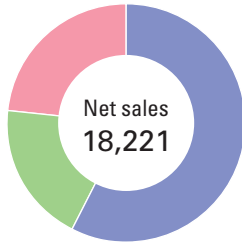




# Segment Information

## Breakdown of Sales by Product

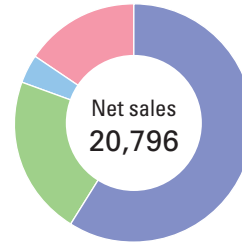
**2010** (Millions of yen)  
(From April 1, 2009 to March 31, 2010)



Engineering Plastics Business	10,498 (57.6%)
Semiconductor Peripherals Business	3,490 (19.2%)
Plastic Optics Business	4,233 (23.2%)

## Breakdown of Sales by Product

**2009** (Millions of yen)  
(From April 1, 2008 to March 31, 2009)



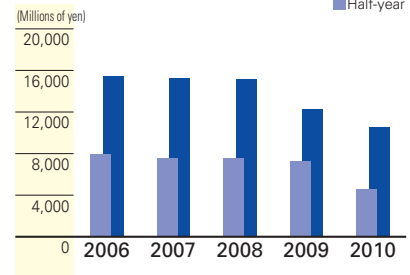
Engineering Plastics Business	12,248 (58.9%)
Semiconductor Peripherals Business	4,543 (21.8%)
LED Devices Business	821 (4.0%)
Plastic Optics Business	3,183 (15.3%)

## Engineering Plastics Business

We took great efforts to promote increased sales to existing customers by expanding our global operations structure, to acquire new business for our automotive products, and to enhance cost competitiveness.

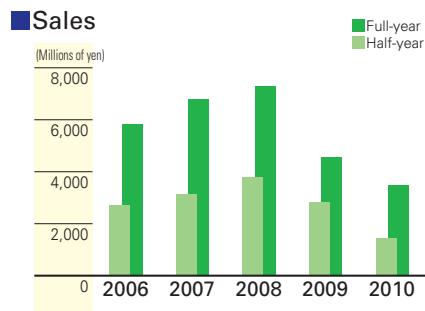
Sales for our main products, OA equipment and automotive products, recovered partially, but did not reach a full market recovery. As a result, sales for the current fiscal year were 10,498 million yen (down 14.3% year on year).

### Sales



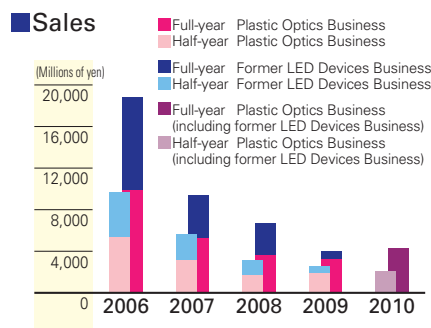
## Semiconductor Peripherals Business

We aggressively launched strategically developed products, expanded our global operations structure, and leveraged differentiated technology to gain more market share while continuing to develop ultra-fine processing technologies and cutting-edge elemental technologies. Although the semiconductor industry started to show signs of a gradual recovery, drops in sales prices became more evident due to intensified global competition. As a result, sales were 3,490 million yen for the current fiscal year (down 23.2% year on year).



## Plastic Optics Business (including the former LED Devices Business)

We moved our main plant to Enplas (Vietnam) Co., Ltd., and made concerted efforts to focus our marketing activities on strategic customers by enhancing our production system and expanding our business structure. Thanks to our aggressive efforts to develop the market for high-definition diffusion lenses, we posted 4,233 million yen in sales for the current fiscal year (up 5.7% year on year). Note that we integrated the LED Devices Business and Plastic Optics Business, effective from the current fiscal year, with the aim of building a robust operating base geared toward further expansion of earning power.





# Consolidated Financial Statements

## Consolidated Balance Sheets

(Thousands of yen)

March 31, 2010 and 2009	2010	2009	Increase (decrease)
<b>ASSETS</b>			
Current assets	21,106,511	21,166,120	(59,608)
Fixed assets	11,206,313	11,334,350	(128,036)
Property, plant and equipment	8,868,187	9,525,479	(657,292)
Intangible fixed assets	928,907	375,510	553,396
Investments and other assets	1,409,218	1,433,359	(24,140)
Total assets	32,312,825	32,500,470	(187,644)
<b>LIABILITIES</b>			
Current liabilities	3,426,931	3,589,246	(162,315)
Fixed liabilities	339,791	389,815	(50,023)
Total liabilities	3,766,722	3,979,061	(212,339)
<b>NET ASSETS</b>			
Shareholders' equity	29,283,466	29,438,415	(154,948)
Unrealized gain	(1,011,059)	(1,102,980)	91,921
Subscription rights to shares	72,055	—	72,055
Minority interests	201,640	185,973	15,666
Total net assets	28,546,102	28,521,408	24,694
Total liabilities and net assets	32,312,825	32,500,470	(187,644)

## Consolidated Statements of Income

(Thousands of yen)

For the years ended March 31, 2010 and 2009	2010	2009	Increase (decrease)
Net sales	18,221,548	20,796,671	(2,575,123)
Cost of goods sold	11,998,172	15,888,002	(3,889,829)
Gross profit	6,223,375	4,908,669	1,314,706
Selling, general and administrative expenses	5,540,112	6,917,051	(1,376,939)
Operating income (loss)	683,263	(2,008,382)	2,691,645
Non-operating income	145,454	319,962	(174,508)
Non-operating expenses	174,555	32,948	141,607
Ordinary income (loss)	654,162	(1,721,367)	2,375,530
Extraordinary gains	145,717	52,000	93,717
Extraordinary losses	177,199	5,321,669	(5,144,470)
Income (loss) before income taxes and minority interests	622,681	(6,991,037)	7,613,718
Income taxes—current	314,530	241,812	72,717
Income taxes—deferred	23,594	(33,092)	56,687
Minority interests in earnings	27,689	(11,126)	38,816
Net income (loss)	256,866	(7,188,630)	7,445,496

## Consolidated Statements of Shareholders' Equity Changes

(Thousands of yen)

For the years ended March 31, 2010 and 2009		2010	2009
Shareholders' equity	Capital stock		
	At beginning of year	8,080,454	8,080,454
	Total changes during current fiscal year	—	—
	At end of year	8,080,454	8,080,454
	Capital surplus		
	At beginning of year	10,975,889	10,975,889
	Retirement of treasury stock	(954,745)	—
	Total changes during current fiscal year	(954,745)	—
	At end of year	10,021,143	10,975,889
	Retained earnings		
	At beginning of year	18,060,436	25,416,988
	Effect of changes in accounting policies applied to foreign subsidiaries	—	5,361
	Cash dividends	(153,925)	(170,567)
	Net loss	256,866	(7,188,630)
	Increase from the change of scope of consolidation	(16,842)	(2,714)
	Total changes during current fiscal year	86,097	(7,361,913)
	At end of year	18,146,534	18,060,436
	Treasury stock		
	At beginning of year	(7,678,364)	(5,879,373)
Purchase of treasury stock	(241,046)	(1,798,990)	
Retirement of treasury stock	954,745	—	
Total changes during current fiscal year	713,698	(1,798,990)	
At end of year	(6,964,665)	(7,678,364)	
Total shareholders' equity			
At beginning of year	29,438,415	38,593,958	
Effect of changes in accounting policies applied to foreign subsidiaries	—	5,361	
Cash dividends	(153,925)	(170,567)	
Net loss	256,866	(7,188,630)	
Purchase of treasury stock	(241,046)	(1,798,990)	
Change of scope of consolidation	(16,842)	(2,714)	
Total changes during current fiscal year	(154,948)	(9,160,904)	
At end of year	29,283,466	29,438,415	
Unrealized gain	Difference in valuation of other marketable securities		
	At beginning of year	104,000	213,180
	Changes (net) during fiscal year except in shareholders' equity	93,066	(109,179)
	Total changes during current fiscal year	93,066	(109,179)
	At end of year	197,067	104,000
	Foreign currency translation adjustments		
	At beginning of year	(1,206,981)	(669,459)
	Changes (net) during fiscal year except in shareholders' equity	(1,145)	(537,521)
	Total changes during current fiscal year	(1,145)	(537,521)
	At end of year	(1,208,126)	(1,206,981)
Net unrealized gain			
At beginning of year	(1,102,980)	(456,279)	
Changes (net) during fiscal year except in shareholders' equity	91,921	(646,701)	
Total changes during current fiscal year	91,921	(646,701)	
At end of year	(1,011,059)	(1,102,980)	

(Thousands of yen)

For the years ended March 31, 2010 and 2009		2010	2009
Subsidiary operations	At beginning of year	—	—
	Changes (net) during fiscal year except in shareholders' equity	72,055	—
	Total changes during current fiscal year	72,055	—
At end of year	72,055	—	
Minority interests	At beginning of year	185,973	213,498
	Changes (net) during fiscal year except in shareholders' equity	15,666	(27,524)
	Total changes during current fiscal year	15,666	(27,524)
At end of year	201,640	185,973	
Total net assets	At beginning of year	28,521,408	38,351,177
	Effect of changes in accounting policies applied to foreign subsidiaries	—	5,361
	Cash dividends	(153,925)	(170,567)
	Net loss	256,866	(7,188,630)
	Purchase of treasury stock	(241,046)	(1,798,990)
	Change of scope of consolidation	(16,842)	(2,714)
	Changes (net) during fiscal year except in shareholders' equity	179,643	(674,226)
	Total changes during current fiscal year	24,694	(9,835,130)
	At end of year	28,546,102	28,521,408

## Consolidated Statements of Cash Flows

(Thousands of yen)

For the years ended March 31, 2010 and 2009	2010	2009
Cash flows from operating activities	(377,641)	1,686,426
Cash flows from investing activities	(1,011,557)	(1,776,309)
Cash flows from financing activities	(398,092)	(1,986,001)
Effect of exchange rate changes on cash and cash equivalents	(72,609)	(114,251)
Net decrease in cash and cash equivalents	(1,859,901)	(2,190,135)
Cash and cash equivalents at beginning of year	13,883,700	16,073,835
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(4,135)	—
Cash and cash equivalents at end of year	12,019,663	13,883,700



## Corporate Profile (As of June 29, 2010)

### Corporate Profile

Corporation Name	Enplas Corporation
Address	2-30-1 Namiki, Kawaguchi City, Saitama 332-0034 Japan
Established	February 21, 1962
Capital	8,080,450 thousand yen

### Board of Directors

President	Daisuke Yokota
Director	Takashi Sakai
Director	Noboru Sugawara
Director	Yutaka Kikuchi
Director	Daizo Kobayashi
Director	Kuniyasu Sasakura
Corporate Auditor	Koichi Sakashita
Auditor	Sadao Suzuki
Auditor	Sakae Ochiai



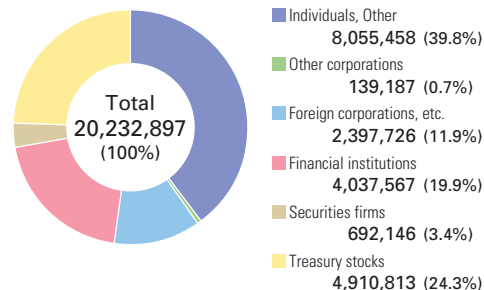
## Stock Information (As of March 31, 2010)

### Stock Information

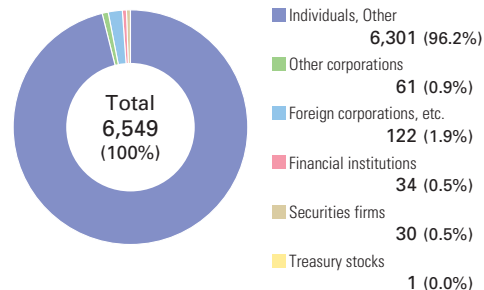
Total Number of Authorized Shares	62,400,000
Shares of Common Stock Issued	20,232,897
Number of Shareholders	6,549

### Breakdown of Holdings by Shareholder Type

#### Number of Shares by Shareholder Type

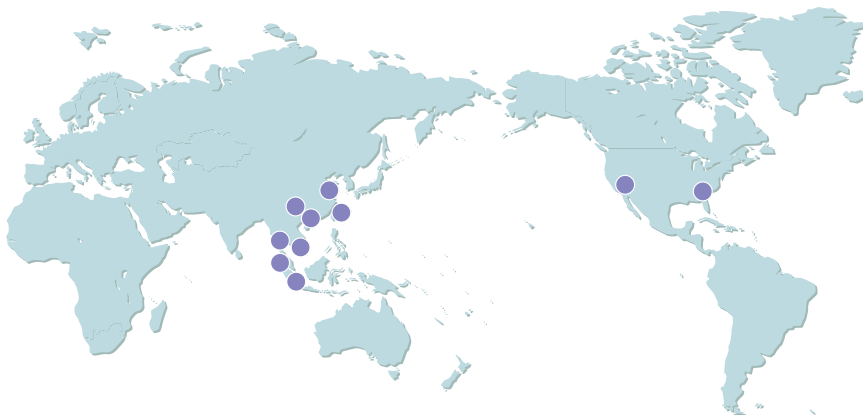
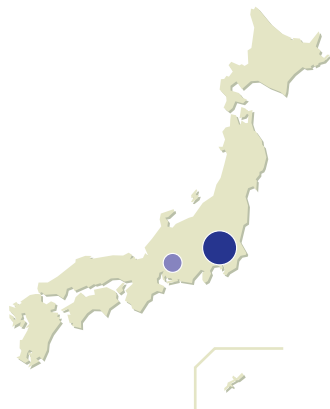


#### Number of Shareholders by Shareholder Type





## Offices and Group Companies (As of March 31, 2010)



### Operation Bases in Japan

#### Head Office

2-30-1 Namiki, Kawaguchi City, Saitama 332-0034 Japan

#### Kawaguchi Office

2-20-10 Yahei, Kawaguchi City, Saitama 332-0002 Japan

#### Kanuma Plant

7-2 Satsuki-cho, Kanuma City, Tochigi 322-0014 Japan

#### Nagoya Office

12F, Matsuoka Bldg., 2-45-7 Meieki, Nakamura-ku, Nagoya City, Aichi 450-0002 Japan

### Affiliated Companies in Japan

#### QMS Co., Ltd.

1-3-12 Kamiaki, Kawaguchi City, Saitama 333-0844 Japan

#### Enplas Semiconductor Peripheral Corporation

1-19-57 Kamiaki, Kawaguchi City, Saitama 330-0844 Japan

#### Enplas Seiki Corporation

827-3 Moro, Kanuma City, Tochigi 322-0026 Japan

### Affiliated Companies Overseas

#### Enplas (U.S.A.), Inc.

1901 West Oak Circle, Marietta, Georgia 30062, U.S.A.

#### Enplas Tesco, Inc.

765 North Mary Avenue, Sunnyvale, CA 94085-2909, U.S.A.

#### Enplas Hi-Tech (Singapore) Pte. Ltd.

No. 28 Genting Lane, #07-03/04/05, Singapore 349585, Republic of Singapore

#### Enplas Precision (Malaysia) Sdn. Bhd.

No. 9 & 9A Jalan Hasil 2, Kawasan Perindustrian, Jalan Hasil 81200 Johor Bahru, Malaysia

#### Enplas Precision (Thailand) Co., Ltd.

Hi-Tech Industrial Estate 104 Moo 1, Bhan Lain, Bang Pa-In, Ayutthaya 13160, Thailand

#### Enplas (Vietnam) Co., Ltd.

K-3 Plot, Thang Long Industrial Park, Dong Anh District, Hanoi, Vietnam

#### Enplas Hy-cad Electronic (Shanghai) Co., Ltd.

Floor 1, Standard Industrial Building 3, No.253 Ai Du Road, Shanghai Waigaoqiao Free Trade Zone, Shanghai 200131, P.R.C.

#### Guangzhou Enplas Mechatronics Co., Ltd.

Floor 1, Standard Building 1, Hexing Industry Park, 10 Yongsheng Road, Yong He Economic Zone, Guangzhou Economic & Technological Development District, Guangzhou City 511356, P.R.C.

#### Enplas Niching Technology Corporation

4F-1, No. 27 Puding Road, Hsinchu City, 300 Taiwan, R.O.C.

#### Enplas (Hong Kong) Limited

Suite 515, 5/F World Commerce Centre, Harbour City, 11 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

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