

Consolidated Balance Sheets

September 30, 2006

| | ¥ | \$ |
|--|-----------------------|-----------------------|
| ASSETS | | |
| <hr/> | | |
| Current assets | | |
| Cash and time deposits | 1,860,143,086 | 15,777,295.05 |
| Notes and accounts receivable | 2,878,790,573 | 24,417,222.84 |
| Marketable securities | 106,080,919 | 899,753.34 |
| Inventories | 2,018,928,542 | 17,124,075.84 |
| Deferred tax assets | 57,021,346 | 483,641.61 |
| Other current assets | 33,414,818 | 283,416.61 |
| Allowance for doubtful receivables | (12,862,855) | (109,099.70) |
| Total current assets | 6,941,516,429 | 58,876,305.59 |
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| Property, plant and equipment | | |
| Land | 850,072,041 | 7,210,110.61 |
| Buildings and structures | 1,268,997,608 | 10,763,338.49 |
| Machinery and equipment | 2,651,376,533 | 22,488,350.58 |
| Total property, plant and equipment | 4,770,446,182 | 40,461,799.68 |
| <hr/> | | |
| Intangible assets | 30,340,082 | 257,337.42 |
| <hr/> | | |
| Investments and other assets | | |
| Investment securities | 2,637,395,816 | 22,369,769.43 |
| Other assets | 42,003,875 | 356,266.96 |
| Total investments and other assets | 2,679,399,691 | 22,726,036.40 |
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| Total assets | 14,421,702,384 | 122,321,479.08 |
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Consolidated Balance Sheets

September 30, 2006

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LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY

Current liabilities

| | | |
|-------------------------------------|----------------------|----------------------|
| Notes and accounts payable | 1,133,126,379 | 9,610,910.76 |
| Income and enterprise taxes payable | 17,619,873 | 149,447.61 |
| Other current liabilities | 456,517,624 | 3,872,074.84 |
| Total current liabilities | 1,607,263,876 | 13,632,433.21 |

Long-term liabilities

| | | |
|--|----------------------|---------------------|
| Deferred tax liabilities | 657,037,389 | 5,572,836.21 |
| Accrued retirement benefits for employees | 360,525,822 | 3,057,895.01 |
| Accrued retirement benefits for directors and corporate auditors | 69,360,000 | 588,295.17 |
| Total long-term liabilities | 1,086,923,211 | 9,219,026.39 |

Minority interests in consolidated subsidiaries

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Shareholders' equity

| | | |
|---|-----------------------|-----------------------|
| Common stock | 2,219,588,726 | 18,826,028.21 |
| Capital surplus | 3,341,270,124 | 28,339,865.34 |
| Retained earnings | 5,508,334,617 | 46,720,395.39 |
| Net unrealized holding gains on securities | 763,813,742 | 6,478,488.06 |
| Foreign currency translation adjustments | (47,907,802) | (406,342.68) |
| Treasury stock, at cost | (57,584,110) | (488,414.84) |
| Total shareholders' equity | 11,727,515,297 | 99,470,019.48 |
| Total liabilities, minority interests and shareholders' equity | 14,421,702,384 | 122,321,479.08 |

Consolidated Statements of Income

Year ended September 30, 2006

| | ¥ | \$ |
|--|---------------------|---------------------|
| Net sales | 4,036,506,300 | 34,999,621.09 |
| Cost of sales | 3,178,855,952 | 27,563,131.47 |
| Gross profit | 857,650,348 | 7,436,489.62 |
| Selling, general and administrative expenses | 882,555,006 | 7,652,432.20 |
| Operating income | (24,904,658) | (215,942.58) |
| Other income (expenses) | | |
| Interest and dividend income | 18,577,564 | 161,081.80 |
| Interest expense | (891,555) | (7,730.47) |
| Foreign currency exchange loss | (2,285,037) | (19,813.03) |
| Gain on sales of investment securities | 89,276,537 | 774,096.39 |
| Loss resulted from valuation of inventory | (17,886,234) | (155,087.44) |
| Loss on retirement of inventory assets | (6,325,294) | (54,845.17) |
| Loss on sales of fixed assets | (3,367,501) | (29,198.83) |
| Loss on retirement of fixed assets | (87,834,126) | (761,589.58) |
| Other net | (1,906,753) | (16,533.02) |
| Income before income taxes | (37,547,057) | (325,561.93) |
| Income taxes | | |
| Current | 5,739,367 | 49,764.74 |
| Deferred | (67,257) | (583.17) |
| Net income | (43,219,167) | (374,743.49) |

Consolidated Statements of Shareholders' Equity

Year ended September 30, 2006

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| | Common stock | Capital surplus | Retained earnings | Net unrealized holding gains on securities | Foreign currency translation adjustments | Treasury stock |
|---|---------------|-----------------|-------------------|--|--|----------------|
| Balance at March 31, 2006 | 2,219,588,726 | 3,341,270,124 | 5,793,660,030 | 974,308,516 | (48,018,241) | (153,948,935) |
| Net income | | | (43,219,167) | | | |
| Adjustments from translation of foreign currency financial statements | | | | | 110,439 | |
| Decrease in net unrealized holding gains on securities | | | | (210,494,774) | | |
| Cash dividends | | | (78,668,010) | | | |
| Treasury stock | | | (163,438,236) | | | 96,364,825 |
| Balance at September 30, 2006 | 2,219,588,726 | 3,341,270,124 | 5,508,334,617 | 763,813,742 | (47,907,802) | (57,584,110) |

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| | Common stock | Capital surplus | Retained earnings | Net unrealized holding gains on securities | Foreign currency translation adjustments | Treasury stock |
|---|---------------|-----------------|-------------------|--|--|----------------|
| Balance at March 31, 2006 | 18,826,028.21 | 28,339,865.34 | 49,140,458.27 | 8,263,855.10 | (407,279.40) | (1,305,758.57) |
| Net income | | | (366,574.78) | | | |
| Adjustments from translation of foreign currency financial statements | | | | | 936.72 | |
| Decrease in net unrealized holding gains on securities | | | | (1,785,367.04) | | |
| Cash dividends | | | (667,243.51) | | | |
| Treasury stock | | | (1,386,244.58) | | | 817,343.72 |
| Balance at September 30, 2006 | 18,826,028.21 | 28,339,865.34 | 46,720,395.39 | 6,478,488.06 | (406,342.68) | (488,414.84) |

Consolidated Statements of Cash Flows

Year ended September 30, 2006

| | ¥ | \$ |
|---|---------------|----------------|
| Operating Activities: | | |
| Income before income taxes | (37,547,057) | (325,561.93) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 340,669,227 | 2,953,864.80 |
| Loss on retirement of property, plant and equipment | 87,834,126 | 761,589.58 |
| Increase in retirement allowances | 16,776,397 | 145,464.29 |
| Decrease in director's retirement allowance | (8,320,000) | (72,140.81) |
| Decrease in accrued bonus | (12,337,358) | (106,974.40) |
| Decrease in allowance for doubtful accounts | (18,328) | (158.92) |
| Interest and dividend income | (18,577,564) | (161,081.80) |
| Interest expense | 891,555 | 7,730.47 |
| Foreign currency exchange gain | (302,924) | (2,626.58) |
| Loss resulted from valuation of inventory | 24,211,528 | 209,932.61 |
| Loss on sales of property, plant and equipment | 3,367,501 | 29,198.83 |
| Gain on sales of investment securities | (89,276,537) | (774,096.39) |
| Increase in trade receivables | (31,830,905) | (275,998.48) |
| Increase in inventories | (147,614,417) | (1,279,930.78) |
| Decrease in trade payables | (70,411,208) | (610,519.45) |
| Other, net | (15,990,552) | (138,650.41) |
| Interest and dividends received | 19,017,248 | 164,894.20 |
| Interest paid | (891,555) | (7,730.47) |
| Income taxes paid | (12,488,667) | (108,286.37) |
| Net cash provided by operating activities | 47,160,510 | 408,917.97 |
| Investing Activities: | | |
| Purchases of property, plant and equipment | (295,012,930) | (2,557,989.51) |
| Sales of property, plant and equipment | 8,557,410 | 74,199.34 |
| Purchases of investment securities | (167,773,278) | (1,454,723.65) |
| Sales of investment securities | 259,035,655 | 2,246,038.80 |
| Decrease in long-term loans receivable | 300,000 | 2,601.23 |
| Net cash used in investing activities | (194,893,143) | (1,689,873.78) |
| Financing Activities: | | |
| Repayment of long-term loans | (47,000,000) | (407,526.23) |
| Acquisition of treasury stock | (67,073,411) | (581,578.18) |
| Dividends paid | (78,523,689) | (680,860.91) |
| Net cash used in financing activities | (192,597,100) | (1,669,965.32) |
| Effect of exchange rate changes on cash and cash equivalents | 146,231 | 1,267.94 |
| Decrease in cash and cash equivalents | (340,183,502) | (2,949,653.19) |
| Cash and cash equivalents at beginning of the year | 1,091,402,507 | 9,463,301 |
| Cash and cash equivalents at end of the year | 751,219,005 | 6,513,648 |

Notes to Consolidated Financial Statements

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| 1. Accumulated depreciations of tangible assets | 16,597,626,758 |
| 2. Assets pledged as collateral time deposits | 5,000,000 |
| Assets pledged as collateral investment securities | 81,840,000 |
| 3. Net loss per share | 1.65 |
| Net loss | 43,219,167 |
| Average number of shares outstanding | 26,075,854 |
| Net assets per share | 452.25 |
| Net assets | 11,727,515,297 |
| Number of outstanding stocks | 25,931,134 |