

Consolidated Balance Sheets

March 31, 2007

	¥	\$
ASSETS		
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Current assets		
Cash and time deposits	2,257,243,059	19,121,076.32
Notes and accounts receivable	2,882,155,071	24,414,697.76
Marketable securities	176,157,993	1,492,232.05
Inventories	2,032,046,535	17,213,439.52
Deferred tax assets	57,063,510	483,384.24
Other current assets	18,673,149	158,180.00
Allowance for doubtful receivables	(12,879,352)	(109,100.82)
Total current assets	7,410,459,965	62,773,909.06
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Property, plant and equipment		
Buildings and structures	1,237,232,210	10,480,577.81
Machinery and equipment	2,514,817,140	21,302,982.97
Land	850,072,041	7,200,949.10
Construction in progress	30,594,051	259,161.80
Total property, plant and equipment	4,632,715,442	39,243,671.68
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Intangible assets	30,281,472	256,513.95
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Investments and other assets		
Investment securities	2,296,250,567	19,451,508.40
Other assets	50,684,358	429,346.53
Total investments and other assets	2,346,934,925	19,880,854.93
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Total assets	14,420,391,804	122,154,949.63
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Consolidated Balance Sheets

March 31, 2007

	¥	\$
<u>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</u>		
Current liabilities		
Notes and accounts payable	1,238,236,387	10,489,084.18
Income and enterprise taxes payable	24,527,530	207,772.38
Notes payable - equipment	180,706,336	1,530,761.00
Other current liabilities	335,417,535	2,841,317.53
Total current liabilities	1,778,887,788	15,068,935.10
Long-term liabilities		
Deferred tax liabilities	329,137,784	2,788,121.85
Accrued retirement benefits for employees	378,923,194	3,209,853.40
Accrued retirement benefits for directors and corporate auditors	69,360,000	587,547.65
Total long-term liabilities	777,420,978	6,585,522.90
Minority interests in consolidated subsidiaries	—	—
Shareholders' equity		
Common stock	2,219,588,726	18,802,106.95
Capital surplus	3,341,270,124	28,303,855.35
Retained earnings	5,667,179,314	48,006,601.56
Net unrealized holding gains on securities	743,047,590	6,294,346.38
Foreign currency translation adjustments	(47,864,132)	(405,456.43)
Treasury stock, at cost	(59,138,584)	(500,962.17)
Total shareholders' equity	11,864,083,038	100,500,491.64
Total liabilities, minority interests and shareholders' equity	14,420,391,804	122,154,949.63

Consolidated Statements of Income

Year ended March 31, 2007

	¥	\$
Net sales	8,110,891,740	69,347,569.60
Cost of sales	6,568,310,268	56,158,603.52
Gross profit	1,542,581,472	13,188,966.07
Selling, general and administrative expenses	1,759,106,867	15,040,243.39
Operating income	(216,525,395)	(1,851,277.32)
Non-Operating income	44,356,062	379,241.30
Interest income	6,810,194	58,226.69
Dividends received	28,111,196	240,348.80
Other non-operating income	9,434,672	80,665.80
Non-Operating expenses	59,006,830	504,504.36
Interest expense	1,610,686	13,771.26
Foreign currency exchange loss	6,673,432	57,057.39
Loss resulted from valuation of inventory	32,959,793	281,803.98
Loss on retirement of inventory	6,325,294	54,080.83
Other non-operating expenses	11,437,625	97,790.91
Extraordinary gains	564,466,109	4,826,146.62
Gain on sales of investment securities	564,466,109	4,826,146.62
Extraordinary losses	203,646,794	1,741,166.16
Loss from prior period adjustment	4,647,049	39,731.95
Loss on retirement of fixed assets	155,939,707	1,333,273.83
Loss on sales of fixed assets	3,182,301	27,208.46
Loss on retirement of inventory	31,316,637	267,755.10
Removal expenses of branch office	8,561,100	73,196.82
Income before income taxes	129,643,152	1,108,440.08
Income taxes		
Current	14,084,879	120,424.75
Deferred	(67,257)	(575.04)
Net income	115,625,530	988,590.37

Consolidated Statements of Shareholders' Equity

Year ended March 31, 2007

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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			115,625,530			
Adjustments from translation of foreign currency financial statements					154,109	
Decrease in net unrealized holding gains on securities				(231,260,926)		
Cash dividends			(78,668,010)			
Treasury stock			(163,438,236)			94,810,351
Balance at March 31, 2007	2,219,588,726	3,341,270,124	5,667,179,314	743,047,590	(47,864,132)	(59,138,584)

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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	18,802,106.95	28,303,855.35	49,078,018.04	8,253,354.65	(406,761.89)	(1,304,099.41)
Net income			979,462.35			
Adjustments from translation of foreign currency financial statements					1,305.46	
Decrease in net unrealized holding gains on securities				(1,959,008.27)		
Cash dividends			(666,395.68)			
Treasury stock			(1,384,483.15)			803,137.24
Balance at March 31, 2007	18,802,106.95	28,303,855.35	48,006,601.56	6,294,346.38	(405,456.43)	(500,962.17)

Consolidated Statements of Cash Flows

Year ended March 31, 2007

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Operating Activities:		
Income before income taxes	129,643,152	1,108,440.08
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	692,894,564	5,924,201.13
Loss on retirement of property, plant and equipment	155,939,707	1,333,273.83
Increase in retirement allowances	35,173,769	300,733.32
Decrease in director's retirement allowance	(8,320,000)	(71,135.43)
Decrease in accrued bonus	(18,534,747)	(158,470.82)
Decrease in allowance for doubtful accounts	(8,731)	(74.65)
Interest and dividend income	(34,921,390)	(298,575.50)
Interest expense	1,610,686	13,771.26
Foreign currency exchange gain	(313,007)	(2,676.19)
Loss resulted from valuation of inventory	70,601,724	603,639.91
Loss on sales of property, plant and equipment	3,182,301	27,208.46
Gain on sales of investment securities	(564,466,109)	(4,826,146.62)
Increase in trade receivables	(35,144,814)	(300,485.76)
Increase in inventories	(207,054,230)	(1,770,299.50)
Increase in trade payables	39,224,560	335,367.31
Other, net	(3,576,162)	(30,575.94)
Subtotal	255,931,273	2,188,194.88
Interest and dividends received	35,615,745	304,512.18
Interest paid	(1,610,686)	(13,771.26)
Income taxes paid	(14,084,879)	(120,424.75)
Net cash provided by operating activities	275,851,453	2,358,511.06
Investing Activities:		
Increase in time deposits	(70,000,000)	(598,495.21)
Refundment of marketable securities	50,000,000	427,496.58
Purchases of property, plant and equipment	(514,247,303)	(4,396,779.27)
Sales of property, plant and equipment	8,788,510	75,141.16
Purchases of investment securities	(268,552,715)	(2,296,107.34)
Sales of investment securities	777,102,741	6,644,175.28
Increase in long-term loans receivable	(7,800,000)	(66,689.47)
Net cash used in investing activities	(24,708,767)	(211,258.27)
Financing Activities:		
Repayment of long-term loans	(47,000,000)	(401,846.79)
Acquisition of treasury stock	(68,627,885)	(586,763.72)
Dividends paid	(78,661,187)	(672,547.77)
Net cash used in financing activities	(194,289,072)	(1,661,158.28)
Effect of exchange rate changes on cash and cash equivalents	69,931	597.91
Increase in cash and cash equivalents	56,923,545	486,692.42
Cash and cash equivalents at beginning of the year	1,091,402,507	9,331,416.78
Cash and cash equivalents at end of the year	1,148,326,052	9,818,109.20

Notes to Consolidated Financial Statements

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1. Accumulated depreciations of tangible assets	16,712,671,949
2. Assets pledged as collateral time deposits	5,000,000
3. Net income per share	4.44
Net income	115,625,530
Average number of shares outstanding	26,001,061
4. Net assets per share	457.65
Net assets	11,864,083,038
Number of outstanding stocks	25,923,762