Financial Results
For the Year Ended March 31, 2007 - Consolidated

May 14, 2007

NTN Corporation

Security Code: 6472
Listings: The First Section of Tokyo and Osaka Stock Exchanges
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Scheduled date of annual shareholders' meeting: June 28, 2007
Scheduled commencement date of dividend payment: June 29, 2007
Scheduled submission date of financial statements: June 29, 2007

1. Consolidated Financial Results for the Year Ended March 31, 2007

(April 1, 2006 to March 31, 2007)

(1) Operating Results

(Amounts rounded down to the nearest million yen)
(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2007	483,817	11.3	46,792	24.3	42,210	28.6	27,014	38.2
Year ended March 31, 2006	434,836	12.0	37,645	13.4	32,816	15.6	19,550	16.8

	Net income per share	Diluted net income per share	Return on equity	Ordinary income/ Total assets	Operating income/ Net sales
	yen	yen	%	%	%
Year ended March 31, 2007	58.34	54.54	13.8	7.2	9.7
Year ended March 31, 2006	41.94	38.55	11.5	6.1	8.7

Note: Equity method investment gains or losses:
Year ended March 31, 2007: 484 million yen
Year ended March 31, 2006: 1,111 million yen

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2007	611,944	215,815	34.2	445.61
Year ended March 31, 2006	561,493	183,247	32.6	396.73

Note: Shareholders' equity
Year ended March 31, 2007: 209,237 million yen
Year ended March 31, 2006: 183,247 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended March 31, 2007	58,485	(72,185)	10,921	32,083
Year ended March 31, 2006	38,907	(51,518)	(3,277)	35,891

2. Dividends

	Dividend per share			Total dividends paid (Full year)	Payout ratio (Consolidated)	Dividends/ Net assets (Consolidated)
	Interim	Year-end	Full year			
	yen	yen	yen	million yen	%	%
Year ended March 31, 2006	5.00	6.00	11.00	5,080	26.2	3.0
Year ended March 31, 2007	7.00	9.00	16.00	7,462	27.4	3.8
Year ended March 31, 2008 (forecast)	9.00	9.00	18.00		31.3	

Note: Dividend per share for the Year ended March 31, 2007 includes a commemorative dividend of 1.00 yen.

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2008

(April 1, 2007 to March 31, 2008)

(Percentage figures represent year-on-year changes and interim-on-interim period changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	255,000	10.6	24,500	11.5	21,500	7.8	13,000	(4.0)	27.69
Full year	520,000	7.5	51,000	9.0	45,000	6.6	27,000	(0.1)	57.50

4. Other Information

(1) Significant changes in subsidiaries during the period (Scope of consolidation): None

(2) Changes in accounting principles, procedure, and method of disclosure used to prepare the financial results

1) Changes in accordance with amendments of accounting standards: Yes

2) Changes other than above: None

Note: For details, see “Changes in Significant Information Regarding the Preparation of Consolidated Financial Statements” on page 19

(3) Number of shares issued and outstanding (Common stock)

Number of shares issued and outstanding at end of the period (treasury stock included):

Year ended March 31, 2007: 470,463,527 shares

Year ended March 31, 2006: 463,056,775 shares

Number of shares held in treasury at end of the period:

Year ended March 31, 2007: 910,194 shares

Year ended March 31, 2006: 1,157,425 shares

Note: For number of shares serving as basis for calculation of net income per share (consolidated), see “Par share data” on page 25

Reference: Overview of Financial Results on Non-Consolidated basis

For the Year Ended March 31, 2007 – Non-consolidated

1. Financial Results for the Year Ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2007	336,839	6.1	22,783	12.3	29,419	29.8	21,095	44.9
Year ended March 31, 2006	317,343	8.7	20,283	11.7	22,666	25.1	14,557	34.3

	Net income per share	Diluted net income per share
	yen	yen
Year ended March 31, 2007	45.56	42.59
Year ended March 31, 2006	31.21	28.69

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2007	426,352	177,718	41.7	378.48
Year ended March 31, 2006	406,360	160,103	39.4	346.62

Note: Shareholders' equity
Year ended March 31, 2007: 177,718 million yen
Year ended March 31, 2006: 160,103 million yen

2. Forecast of Non-consolidated Earnings for the Year Ending March 31, 2008
(April 1, 2007 to March 31, 2008)

(Percentage figures represent year-on-year changes and interim-on-interim period changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	172,000	4.6	11,000	4.4	14,000	(4.6)	9,500	(16.6)	20.23
Full year	350,000	3.9	23,000	1.0	29,000	(1.4)	19,000	(9.9)	40.46

* The above forecast incorporates certain assumptions and projections based upon which the future outlook and plans by the Company as announced in this document are formulated. Actual results may differ from the above forecast depending on various conditions. For additional information, please refer to "Operating Results" from page 5 to 9.

1． Operating Results

1) Analysis of Operating Results

Operating Results for the Fiscal Year Ended March 31, 2007

During the fiscal year under review, the Japanese economy continued on the road to recovery, despite weakness in private consumption, helped by capital expenditure growth and improvements in the labor market on the back of higher corporate earnings. Overseas, although the U.S. economic expansion softened somewhat, China and other Asian economies continued to expand, and European economies experienced a recovery. In this setting, the NTN Group moved into the final year of its three-year business plan, *Rapid Advance 21*, and strived to enhance corporate value through more aggressive marketing activities and thorough cost-cutting efforts to achieve its goals.

As a result, the Group's net sales for the period increased 11.3% from a year earlier to 483,817 million yen. With regard to income, although lower selling prices and higher costs of raw materials had an effect, advances made in expanding sales and reducing costs saw operating income rise 24.3% year on year to 46,792 million yen and ordinary income climb 28.6% to 42,210 million yen. After posting an extraordinary gain of 2,851 million yen related to the revision of the retirement benefit plan, 1,645 million yen in stocks and bonds sales, an asset impairment loss of 1,219 million yen under extraordinary losses, and business restructuring expenses of 318 million yen, net income came to 27,014 million yen, a year-on-year increase of 38.2%.

Sales by business segment were as follows:

(1) Bearings

In Automotive applications, axle bearings and needle-roller bearings showed solid performance in North America and Europe, while sales of axle bearings grew in Japan, China, and other areas of Asia. In applications for general industrial machinery, large bearings for construction machinery and for wind power systems enjoyed strong growth in Japan and Europe, respectively. Fluid dynamic bearings for hard disk drive (HDD) motors and bearings for office machines posted strong sales in China, while large bearings for construction machinery grew in South Korea. Deliveries to distributors also increased in Japan, China, and Europe. As a result, the Group's net sales for the period increased 11.0% from a year earlier to 307,249 million yen.

(2) Constant-velocity Joints (CVJs)

Sales of CVJs in North America grew, assisted by the start of volume production on new projects mainly by U.S. automakers. Turning to Asia, the start of volume production in South Korea and Thailand contributed to favorable performance, and in Malaysia, rising demand for compact cars and other factors helped sales of CVJs to increase. In Japan, sales of CVJs, mainly for compact cars, grew strongly. As a result, the Group's net sales for the period increased 12.3% from a year earlier to 147,463 million yen.

(3) Precision equipment and other products

Although sales of color filter repair equipment and other system products were unfavorable due to the effects of restrained LCD capital investment and other factors, plasma display panel (PDP) defect repair equipment, spindles and other element products showed growth. As a result, the Group's net sales for the period increased 8.5% from a year earlier to 29,104 million yen.

Sales by geographical segment were as follows:

(1) Japan

Solid conditions prevailed for automotive applications including CVJs and axle bearings. In general industrial machinery applications, large bearings for construction machinery and rolling stock, as well as needle-roller bearings for construction machinery, showed healthy performance. Deliveries to distributors also increased. As a result, the Group's net sales for the period increased 6.0% from a year earlier to 339,644 million yen. Operating income rose 12.8% year on year to 28,279 million yen, reflecting higher sales and favorable foreign exchange rates.

(2) North America

Automotive applications such as CVJs, axle bearings and needle-roller bearings showed solid performance. In general industrial machinery applications, performance was subdued for bearings for agricultural machinery but shipments of bearings for construction machinery increased. As a result, the Group's net sales for the period increased 8.5% from a year earlier to 124,253 million yen. Operating income came to 4,530 million yen, up 1.6% year on year, owing mainly to increased sales and cost reductions.

(3) Europe

Axle bearings for automotive applications exhibited strong growth. In industrial machinery applications, shipments of large bearings mainly for wind power systems were solid, and shipments to distributors increased. As a result, the Group's net sales for the period increased 15.6% from a year earlier to 77,968 million yen. Operating income came to 4,317 million yen, up 35.1% year on year, partly reflecting sales increases.

(4) Asia and other regions

In China, fluid dynamic bearings, bearings for office machines, and large bearings for rolling stock showed solid performance, while shipments of axle bearings for automotive applications grew strongly. In South Korea, sales of CVJs grew significantly and large bearings for construction machinery also enjoyed growth. In Thailand, strong sales were posted for axle bearings and CVJs. As a result, the Group's net sales for the period increased 47.6% from a year earlier to 65,888 million yen. Operating income came to 6,450 million yen, up 64.6% year on year, partly reflecting sales increases.

Outlook for the Year Ending March 31, 2008

Looking ahead, Japan's mild economic recovery is expected to continue, although uncertainties such as the slowdown in the U.S. economy and rising raw materials and crude oil prices may affect the global economy, and this calls for continued vigilance. Under such circumstances, the Company now moves into the first year of the *Growth through Creativity and Achievement 21* medium-term business plan, and is implementing the various measures laid out therein. For the full year ending March 31, 2008, the Group forecasts consolidated net sales of 520.0 billion yen, operating income of 51.0 billion yen, ordinary income of 45.0 billion yen and net income of 27.0 billion yen. These forecasts are based on foreign exchange rate assumptions of ¥115/US$1.00 and ¥150/EUR1.00.

2) Analysis of Financial Position

Net cash from operating activities was 58,485 million yen, a year-on-year increase of 19,578 million yen, or 50.3%. This reflects 45,169 million yen in pretax profit, 32,693 million yen in depreciation and amortization, a 11,641 million yen increase in accounts payable associated with the revision of the retirement benefit plan, and a 7,847 million yen increase in trade payables, partly offset by a 14,215 million yen decrease in allowance for retirement benefit for employees, a 12,381 million yen increase in trade receivables, and 11,133 million yen in income taxes paid. Cash used in investment activities increased 20,667 million yen, or 40.1% year on year, to 72,185 million yen. This was due mainly to outlays of 58,099 million yen for the acquisition of property, plant and equipment, and 10,487 million yen outlaid for the acquisition of stock in equity-method affiliates. Net cash from financing activities was 10,921 million yen, a year-on-year increase of 14,198 million yen. This was due mainly to a net increase of 26,100 million yen in long- and short-term loans, which more than offset 10,000 million yen outlaid for the redemption of corporate bonds and 6,007 million yen in payments of cash dividends. As a result of these cash flows, and including a cash outflow of 1,029 million yen from exchange rate adjustments, cash and cash equivalents as of the end of the fiscal year came to 32,083 million yen, a decline of 3,808 million yen, or 10.6%, from the end of the previous fiscal year.

Cash flow indicators for the NTN group are as follows:

	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007
Shareholders' equity ratio (%)	31.0	30.6	32.6	34.2
Shareholders' equity ratio based on current market value (%)	52.8	53.2	76.8	78.3
Years needed to repay debt	7.8	3.7	4.7	3.4
Interest coverage ratio	7.2	20.1	10.5	11.6

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets
Shareholders' equity based on current market value: Market capitalization / Total assets
Years needed to repay debt: Interest-bearing debt / Operating cash flows
Interest coverage ratio: Operating cash flows / Interest payments

- Each of these indicators was calculated based on the consolidated statements.
- "Market capitalization" is calculated based on the closing stock price at the end of the respective accounting period above multiplied by the number of shares issued and outstanding as of the end of the respective accounting period above (after deducting treasury stock).
- "Operating cash flows" is taken from the "Cash flows from operating activities" in the consolidated statements of cash flows. "Interest-bearing debt" refers to all debts included in the consolidated balance sheets for which interest is paid. The amount for "Interest payments" was taken from "Interest expenses paid" in the consolidated statements of cash flows.

3) Dividend Policy and Dividends for the Current and Next Fiscal Year

NTN considers rewarding its shareholders an issue of foremost importance. Regarding dividends, from a medium- and long-term perspective, the Company's goal is to provide a steady and sustainable dividend, which it will determine on the basis of its consolidated performance and dividend payout ratio. Retained earnings are used to fund future business development in Japan and overseas.

With regard to the year-end dividend for the fiscal period under review, the Company intends to pay 9 yen per share (including a commemorative dividend of 1 yen per share to mark 88 years in business), 2 yen more per share than for the interim dividend. Including the interim dividend of 7 yen per share, this will bring the total annual dividend to 16 yen per share. The Company intends to raise the annual dividend by a further 2 yen in the next fiscal year for a payment of 18 yen per share.

4) Risks from Operations

Business results and financial position of the Company are subject to the following risks. It should be noted that forward-looking statements contained in the following reflect judgments of the NTN Group as of the date of the announcement of this report, which is May 14, 2007.

(1) Economy

The NTN Group has global production and sales operations across countries and regions, and supplies to customers in a wide variety of industries. Because of this, the Group's business results and financial positions may be affected by factors such as changes in economic conditions of specific countries or regions as well as business climate of the industries in which its customers operate.

(2) Foreign exchange fluctuations

Overseas sales of the NTN Group account for over 50% of its consolidated sales. This percentage is expected to increase further as the Group continues to accelerate global expansion. Overseas subsidiaries' business results and financial positions reported in their local currencies are translated into the yen for the preparation of consolidated financial statements. Moreover, many export transactions with overseas customers of the Company are conducted in foreign currencies. Although the NTN Group hedges foreign currency risks through forward foreign exchange contracts and expansion of local procurement, effects of exchange rate fluctuations between local currencies and the yen on the Group's business results and financial positions cannot be fully eliminated.

(3) Declines in market prices

The competitive environment surrounding production and sales activities of the NTN Group is becoming harsher worldwide. As products from China and East Europe are gaining ground, bearings have been affected by instances of falling market prices. At the same time, against a backdrop of global price competition, calls for price reductions are mounting in the automotive industry, which accounts for over half of the NTN Group sales. Although the NTN Group works continuously to reduce cost while developing new products of high quality and high added value, business results and financial position may be affected by downward pressure on market prices.

(4) Rise in raw materials prices

The NTN Group procures a wide range of raw materials from outside sources. In order to deal with cost increases especially of steel materials, which pose a high weighting in materials costs, measures have been taken such as mark-ups on selling prices to reflect higher materials cost as well as cost reductions through enhanced production yields and VA/VE methods. Nevertheless, business results and financial position may be affected by stronger than expected increases in raw materials costs.

(5) Disasters and accidents

Production plants and facilities of the NTN Group and its transaction counterparties are exposed to the risk of damage from natural disaster such as earthquake and flood, or damage caused by fire, etc. Although the NTN Group has put into place crisis management systems and stands ready to engage in initial measures so as to contain damage as much as possible, risks cannot be completely eliminated, and business performance and financial status of the NTN Group may be affected by natural disaster or accident.

(6) Dependency on specific industries

The NTN Group's bearings division derives approximately half of its sales revenues from the automotive industry, which also buys more than half of the components that the constant-velocity joints division produces for automotive power transmission to the drive axle. Dependency on the automotive industry is therefore high. Although the NTN Group works to increase sales of bearings and precision equipment products also to the industrial machinery sector and continues with the implementation of policies whose concern throughout is a balanced sales structure, a rapid shift in demand in the automotive industry could potentially affect the NTN Group's business results and financial position.

(7) Product defects

To ensure product quality, the NTN Group works to satisfy customers requirements concerning product functions and specifications, and strives to provide appropriate quality with due regard for product safety, while enforcing quality assurance globally. However, a substantial product defect leading to serious accident, claim for damages, or product recall could entail huge product warranty costs and potentially affect business performance and financial position of the NTN Group. Although the NTN Group has taken out global product liability insurance, complete coverage for loss indemnity is not provided.

(8) Intellectual property

The NTN Group generates a wealth of innovative technologies and know-how in the process of new product development, representing valuable intellectual property for which the NTN Group files patent applications to protect its rights and for use as management resources. However, business performance and financial position of the NTN Group may be affected if a legal challenge is initiated against its intellectual property or if its intellectual property is infringed by a third party.

(9) Risks associated with global operations

The NTN Group develops its business operations worldwide with overseas sales exceeding 50% of consolidated sales. Overseas business development is associated with the following risks:

a. Risks from unforeseen change in tax systems of or between individual countries
b. Risks from unforeseen change in laws of individual countries
c. Difficulty in hiring and retaining appropriate staff
d. Evolving technology levels and unstable labor relations in emerging economies
e. Political instability in emerging economies

2. The Group Overview

The NTN Group consists of NTN Corporation (the Company), 49 subsidiaries and 33 affiliated companies (as of March 31, 2007). The Group's main business is manufacturing and sales of bearings, constant-velocity joints and precision equipment and its business divisions are classified accordingly.

Domestic manufacturing is mainly handled by the Company, but some production is consigned to domestic affiliated companies, from whom the Company purchases products. Part of the Company's parts processing operation is also consigned to domestic affiliated companies. Domestic sales is mainly handled by the Company, but is also partly made through domestic affiliated companies.

Overseas manufacturing is handled by the Company's overseas affiliates, with semi-finished goods partly supplied by the Company. Overseas sales are conducted by the Company, by its overseas sales subsidiaries which procure goods from the Company or from its overseas manufacturing subsidiaries as well as by its overseas manufacturing subsidiaries.

The Company newly established NTN Fukuroi Corporation on July 13, 2006, NTN-RAB (Changzhou) Co., Ltd. on February 8, 2007 as consolidated subsidiaries. The Company has also acquired equity ownership in IFA-Antriebstechnik G.m.b.H. on April 20, 2006 and SNR ROULEMENTS on March 29, 2007, both of which are accounted for as equity method affiliated.

NTN Hakui Corporation became the Company's subsidiary through an acquisition of equity ownership on February 28, 2007, and 12 subsidiaries and an affiliate of SNR ROULEMENTS as well as Naito Machinery Co., LTD became the Company's affiliates through acquisitions of equity ownership on July 25, 2006.

3. Management policy

1. Basic Management Policy

NTN's basic management philosophy is "to contribute to society globally through the development of new products and creative technology." We aim to create unique technologies, enhance customer satisfaction (technology, service,) promote globalization and transform corporate structure to one that is appropriate for a multinational company. The Company also aims to reduce the burden it imposes on the environment and help construct a recycling-oriented society.

2. Philosophy and Policy Regarding Lowering of Minimum Trading Unit

The basic trading unit for the Company's shares is 1,000 shares. The Company will carefully discuss the need to shift to a smaller trading unit, taking into consideration the prevailing trends in the stock market, the Company's earnings, stock price, and other factors.

3. Goals and Objectives

Management of the Company attach great importance to operating profit margin as a measure of profitability, return on assets (ROA) as a measure of overall return on assets, and return on equity (ROE), and continuously strive to improve operating performance by these measures. The Company also aims to increase cash flow, and to further reinforce its management resources.

4. Medium- to Long-term Management Strategies

NTN's long-term vision encompasses a number of goals. First, it aims to establish a strong market presence by capitalizing on its global No. 1 business and products that are unmatched by its competitors. Secondly, the Company is working towards establishing a market presence in the five major global markets in Japan, the Americas, Europe, Asia and China. Thirdly, the Company strives to become a global company that is capable of bringing out the best in people while contributing to society.

Under the new Growth through Creativity and Achievement 21 medium-term business plan, which will run over the three-year period from April 2007 to March 2010, the Group will be improving asset efficiency through the early recoupment of investments made so far, while ensuring the continuous development of its business through additional investments aimed at achieving growth. To this end, the Group is implementing a range of measures that place utmost emphasis on the issue of the creation of corporate value. Attaching the highest priority to ensuring quality, the Company will invest its global management resources in strategic products and boost competitive strengths in its products, services and proposals in the pursuit of sustainable growth and ultimately value creation.

5. Other Information Related to the Parent Company

N/A

6. Management Issues to be Addressed

The NTN Group pushed forward with a number of aggressive growth strategies under the three-year business plan, **Rapid Advance 21**, which was implemented starting in April 2004. These undertakings have included the establishment of NTN Mie Corporation and other measures for strengthening production capacity in response to increased demand for industrial machinery, measures to increase the Company's market share in CVJs and axle bearings, expansions of the fluid dynamic bearings business, and the joining of alliances in Europe. Under the new **Growth through Creativity and Achievement 21** medium-term business plan, which will run over the three-year period from April of this year through to March 2010, the Group will be improving asset efficiency through the early recoupment of investments made so far, while ensuring the continuous development of its business through additional investments aimed at achieving growth. The issue of greatest importance is the creation of corporate value. To facilitate this, the Group's fundamental policy under **Growth through Creativity and Achievement 21** is to ensure that all employees have the opportunity to think for themselves in creating new products and new technologies, without being preoccupied with conventional ways of doing things, so as to produce results and growth for the Group. With regard to measures related to sales and technologies, the Group will be working to bolster **NTN's brand value** by further improving quality, strengthening its proposal-making abilities, and accelerating development. With a view to establishing long-term technological dominance, the Group will cultivate element technologies through new materials and surface-creation research to act as the root source of product competitiveness, and bolster development of unique products aimed at supporting peoples' lives through safety, convenience, and an environmental perspective, while strengthening protection and increasing the application of its intellectual property by acquiring an appropriate array of patents. With regard to automotive applications, the Group is aiming to make itself number one in CVJs and axle bearings on the strength of synergistic effects realized through capital investments in IFA-Antriebstechnik GmbH, a German company which has strong business relationships with the Volkswagen Group, and SNR Roulements, a major European manufacturer of bearings. With regard to industrial machinery, against a background of vigorous demand for construction machinery, machine tools, wind power generation, and rolling stock, the Group will expand sales in the global market, focusing mainly on large bearings and precision bearings. On the production front, the Group has prioritized progress in HITOZUKURI and MONOZUKURI innovation. The Group will thoroughly review its human resources, facilities, materials, and methodologies with the aim of dramatically improving production efficiency. The Group places an emphasis on HITOZUKURI—or human resource development by the passing down of skills to younger staff—and will further strengthen its comprehensive production technology capabilities, which include quality control, production technology and facilities development capabilities. In Japan, in order to cope with increased demand for bearings for industrial machinery and other large bearings, the Group established NTN Hakui Corporation in February of this year and also began restructuring its production base in the Kuwana district. With regard to CVJs, the Company further expanded its activities when operations at NTN Fukuroi Corporation began in November of last year. Moving forward, the Company aims to commence stable operations at all of its new production bases as quickly as possible. Overseas, the Company will be working aggressively to bolster is business in the BRIC countries and other emerging markets where growth is expected. Production of CVJs at the new company established in India last year began in April. The Company will expand sales to Eastern Europe and Russia from SNR Roulements' Romania Plant, and will utilize SNR's Brazil Plant to bolster its response to increased automobile demand. In order to strengthen its earnings structure, the Company will continue working to reduce costs by promoting value analysis (VA) and value engineering (VE) as well as expanding global and local procurement in tandem with the expansion of its business activities globally. Continuing on from **Rapid Advance 21**, the Company will promote MONOZUKURI, increase inventory turnover ratios and facility utilization rates, and further improve asset efficiency. Aware of the importance of corporate social responsibility (CSR), the Company is working to construct internal control systems for the whole Group, ensure thorough compliance (corporate ethics), and further bolster its risk management systems. Turning to environmental considerations, the Company is implementing group wide initiatives aimed at reducing environmental burdens, including the development and expansion of sales of products that are both safe for people and environmentally friendly, efforts to eliminate the use of environmentally hazardous materials, and guidance to ensure that partnership companies acquire EcoStage certification.

4. Consolidated Financial Statements

Balance Sheets

(In million yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	(A) – (B)
	Amount	Amount	Amount
Assets			
I Current assets			
1 Cash and bank deposits	26,085	26,058	27
2 Notes and accounts receivable-trade	114,289	98,450	15,839
3 Securities	-	4,398	(4,398)
4 Inventories	107,131	107,047	84
5 Deferred tax assets	9,577	8,105	1,472
6 Short-term loans receivable	6,009	6,008	1
7 Other	17,086	16,752	334
8 Allowance for doubtful accounts	(130)	(16)	(114)
Total current assets	280,048	266,805	13,243
II Fixed Assets			
1 Property, plant and equipment			
(1) Buildings and structures	68,324	62,571	5,753
(2) Machinery, equipment and vehicles	150,609	129,956	20,653
(3) Land	24,337	24,246	91
(4) Construction in progress	15,548	11,613	3,935
(5) Other	8,621	8,044	577
Total property, plant and equipment	267,441	236,431	31,010
2 Intangible fixed assets	2,928	3,240	(312)
3 Investments and other assets			
(1) Investment securities	45,547	33,530	12,017
(2) Deferred tax assets	13,491	18,375	(4,884)
(3) Other	3,336	4,250	(914)
(4) Allowance for doubtful accounts	(849)	(1,140)	291
Total investments and other assets	61,526	55,016	6,510
Total fixed assets	331,896	294,688	37,208
Total assets	611,944	561,493	50,451

(In million yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	(A) – (B)
	Amount	Amount	Amount
Liabilities			
I Current liabilities			
1 Notes and accounts payable-trade	97,019	88,366	8,653
2 Short-term loans	103,021	91,762	11,259
3 Bonds due within one year	-	10,000	(10,000)
4 Accrued income taxes	9,773	8,786	987
5 Accrued bonuses for directors and statutory auditors	199	-	199
6 Other	40,611	35,842	4,769
Total current liabilities	250,625	234,757	15,868
II Long-term liabilities			
1 Bonds	40,000	40,000	-
2 Corporate bonds with equity warrant	24,519	30,000	(5,481)
3 Long-term loans	30,371	11,436	18,935
4 Accrued retirement benefits for employees	34,375	48,440	(14,065)
5 Reserve for product defect compensation	700	2,054	(1,354)
6 Other	15,537	6,227	9,310
Total long-term liabilities	145,503	138,158	7,345
Total liabilities	396,129	372,916	23,213
Minority interests			
Minority interests	-	5,330	-
Shareholders' equity			
I Common stock	-	39,599	-
II Capital surplus	-	52,638	-
III Retained earnings	-	86,932	-
IV Net unrealized holding gain on securities	-	10,739	-
V Translation adjustments	-	(6,076)	-
VI Treasury stock	-	(585)	-
Total shareholders' equity	-	183,247	-
Total liabilities, minority interests and shareholders' equity	-	561,493	-
Net assets			
I Shareholders' capital			
1 Common stock	42,339	-	-
2 Capital surplus	55,410	-	-
3 Retained earnings	106,068	-	-
4 Treasury stock	(568)	-	-
Total shareholders' capital	203,249	-	-
II Valuation and translation adjustments			
1 Net unrealized holding gain on securities	7,862	-	-
2 Translation adjustments	(1,874)	-	-
Total Valuation and translation adjustments	5,987	-	-
III Minority interests	6,577	-	-
Total net assets	215,815	-	-
Total liabilities and net assets	611,944	-	-

Statements of Operations

(In million yen)

	Year ended March 31, 2007 (A)	Year ended March 31, 2006 (B)	(A) – (B)
	Amount	Amount	Amount
I Net sales	483,817	434,836	48,981
II Cost of sales	378,260	340,570	37,690
Gross profit	105,557	94,266	11,291
III Selling, general and administrative expenses	58,764	56,621	2,143
Operating income	46,792	37,645	9,147
IV Non-operating income			
1 Interest and dividend income	821	458	363
2 Other	3,529	3,362	167
Total non-operating income	4,351	3,821	530
V Non-operating expenses			
1 Interest expenses	5,462	3,949	1,513
2 Other	3,471	4,700	(1,229)
Total non-operating expenses	8,933	8,650	283
Ordinary income	42,210	32,816	9,394
VI Extraordinary gains			
1 Gains arising from the change in retirement benefit scheme	2,851	-	2,851
2 Gain on sale of investment securities	1,645	-	1,645
Total extraordinary gains	4,496	-	4,496
VII Extraordinary losses			
1 Reserve for product defect compensation	-	2,100	(2,100)
2 Impairment loss	1,219	346	873
3 Restructuring expenses	318	-	318
Total extraordinary losses	1,538	2,446	(908)
Income before income taxes and minority interests	45,169	30,369	14,800
Income and other taxes	11,900	13,186	(1,286)
Income taxes adjustment	6,073	(2,783)	8,856
Minority interests in subsidiaries	181	416	(235)
Net income	27,014	19,550	7,464

Statement of Changes in Shareholders' Capital

Year ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(In million yen)

	Shareholders' capital					Valuation and translation adjustments				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Net unrealized gain/losses on other securities	Translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance as of March 31, 2006	39,599	52,638	86,932	(585)	178,584	10,739	(6,076)	4,662	5,330	188,577
Change during the period										
Issuance of new shares	2,740	2,740			5,481					5,481
Distribution of retained earnings*			(2,771)		(2,771)					(2,771)
Distribution of retained earnings			(3,236)		(3,236)					(3,236)
Directors' bonuses*			(178)		(178)					(178)
Net income			27,014		27,014					27,014
Net gains on sale of treasury stock		31			31					31
Purchase of treasury stock				(249)	(249)					(249)
Sale of treasury stock				266	266					266
Decrease arising from retroactive years adjustments in foreign subsidiaries			(1,692)		(1,692)					(1,692)
Net change in items other than shareholders' capital during the period						(2,877)	4,202	1,325	1,247	2,572
Total change during the period	2,740	2,772	19,135	17	24,665	(2,877)	4,202	1,325	1,247	27,237
Balance as of March 31, 2007	42,339	55,410	106,068	(568)	203,249	7,862	(1,874)	5,987	6,577	215,815

Note* Subject to the resolution on the appropriation of retained earnings adopted by the Annual General Meeting of Shareholders held in June 2006.

Statements of Capital Surplus and Retained Earnings

(In million yen)

	Year ended March 31, 2006
	Amount
Capital Surplus	
I Balance, beginning of the year	52,622
II Increase in capital surplus	
1 Gain on sale of treasury stock	15
Total increase in capital surplus	15
III Balance, end of the year	52,638
Retained earnings	
I Balance, beginning of the year	72,918
II Increase in retained earnings	
1 Net income	19,550
Total increase in retained earnings	19,550
III Decrease in retained earnings	
1 Cash dividends	4,619
2 Bonuses to directors and statutory auditors	180
3 Decrease resulting from merger with a non-consolidated subsidiary	736
Total decrease in retained earnings	5,536
IV Balance, end of the year	86,932

Statements of Cash Flows

(In million yen)

	Year ended March 31, 2007 Amount	Year ended March 31, 2006 Amount
I Cash flows from operating activities:		
1 Net income before income taxes and minority interests	45,169	30,369
2 Depreciation and amortization	32,693	28,586
3 Amortization of goodwill	2	45
4 Increase/decrease in allowance for doubtful accounts	(189)	74
5 Increase/decrease in accrued retirement benefits for employees	(14,215)	929
6 Increase/decrease in accrued retirement benefits for directors and statutory auditors	-	(329)
7 Increase/decrease in reserve for product defect compensation	(1,353)	135
8 Increase/decrease in accrued payments due to the change in retirement benefit plan	11,641	-
9 Interest and dividend income	(821)	(458)
10 Interest expenses	5,462	3,949
11 Foreign currency translation adjustments / Foreign exchange losses/gains	218	(1,155)
12 Gain or loss in equity of non-consolidated subsidiaries and affiliates	(484)	(1,111)
13 Decrease/increase in trade receivables	(12,381)	4,938
14 Decrease/increase in inventories	1,426	(11,457)
15 Increase/decrease in trade payables	7,847	3,083
16 Bonuses paid to directors and statutory auditors	(180)	(184)
17 Other	(1,700)	(3,157)
Subtotal	73,134	54,258
18 Interest and dividend income received	1,529	1,124
19 Interest expenses paid	(5,044)	(3,692)
20 Income taxes paid	(11,133)	(12,782)
Net cash provided by operating activities	58,485	38,907
II Cash flows from investing activities:		
1 Increase in time deposits	(561)	(545)
2 Decrease in time deposits	1,123	114
3 Purchase of property, plant and equipment	(58,099)	(49,690)
4 Proceeds from sale of property, plant and equipment	447	675
5 Purchase of intangible fixed assets	(510)	(1,020)
6 Purchase of investment securities	(7,863)	(1,047)
7 Proceeds from sale of investment securities	3,302	524
8 Purchase of equity-method-applied affiliates’ shares	(10,487)	-
9 Decrease/increase in short-term loans receivable, net	(0)	23
10 Other	464	(552)
Net cash used in investing activities	(72,185)	(51,518)
III Cash flows from financing activities		
1 Increase/decrease in short-term loans, net	6,404	3,159
2 Proceeds from long-term loans	22,102	5,590
3 Repayment of long-term loans	(2,406)	(8,117)
4 Payment for redemption of bonds	(10,000)	-
5 Issuance of common stock assigned to minority shareholders	864	817
6 Dividend payment	(6,007)	(4,619)
7 Other	(36)	(108)
Net cash provided by financing activities	10,921	(3,277)
IV Effect of exchange rate changes on cash and cash equivalents	(1,029)	478
V Increase/decrease in cash and cash equivalents	(3,808)	(15,411)
VI Cash and cash equivalents, at beginning of the year	35,891	51,302
VII Cash and cash equivalents, at end of the year	32,083	35,891

Significant Information regarding the Preparation of Consolidated Financial Statements

Disclosure has been omitted as there have been no significant change in information disclosed in recent financial statements submitted on June 30, 2006.

Changes in Significant Information Regarding the Preparation of Consolidated Financial Statements

(Accounting standard for directors and statutory auditors bonuses)

From the fiscal year under review, the Company adopted "Accounting Standard for Directors' Bonus" (The Accounting Standards Board of Japan (ASBJ) Statement No. 4, November 29, 2005). The adoption decreased operating income, ordinary income, and income before income taxes decreased by ¥199 million each.

(Accounting Standard for Presentation of Net Assets in the Balance Sheet and its implementation guidance)

From the fiscal year under review, the Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet "（ASBJ Statement No. 5, December 9, 2005）and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005).
The amount equivalent to the previous total shareholders' equity is ¥209,237 million.
Net assets in the balance sheet for the fiscal year under review were prepared in accordance with the revised Regulations Concerning the Terminology, Forms and Preparation Method of Financial Statements (MOF Ordinance No.59).

Notes:

〔Balance Sheets〕

(In million yen)

	As of March 31, 2007	As of March 31, 2006
1. Accumulated depreciation of property, plan and equipment	466,123	440,698
2. Investments in non-consolidated subsidiaries and affiliated companies		
Investment securities	20,473	9,602
3. Assets pledged as collateral and loans secured by such collateral		
Assets pledged as collateral	1,268	1,628
Loans secured by such collateral	1,351	1,149
4. Contingent liabilities	269	-
5. Trade note receivables discounted with banks	272	597
6. Notes maturing on the closing date of the fiscal year		

Notes maturing on the closing date of the consolidated fiscal year are deemed to have been settled on the date of clearing for the purpose of accounting treatment. As the closing date of the fiscal year ended March 31, 2007 was a banking holiday, the following notes maturing on the closing date of the fiscal year are included in the outstanding balance.

Notes receivable	706	-
Notes payable	967	-

〔Statements of Income〕

Year ended March 31, 2007

1. Asset impairment loss

Regarding fixed assets used in manufacturing activities, the Company has defined the plant/factory as the smallest cash-flow-generating unit, based on business segmentation under management accounting; fixed assets associated with the head office and those used for sales/marketing activities are categorized as shared assets. The Company revalued certain land that had remained idle whose market value had substantially fallen short of the book value, as well as certain manufacturing facilities for which the Company has no plans for use. These assets were revalued down to fair market value and the difference from the book value in the total amount of ¥1,219 million were recognized as an impairment loss as part of the extraordinary loss items.

The fair market value for the idle land is based on the net sale value estimated from a real estate appraisal. The fair maket value for the manufacturing facilities are based on estimated net sale value. Other assets that are not deemed saleable or reusable for other purposes are valued at zero.

Purpose of use	Category of assets	Location	Impairment losses
			Million yen
Idle land	Land	Wakayama Prefecture	661
Manufacturing facilities	Machinery and equipments	Hyogo prefecture and other	558
Total			1,219

2. Restructuring expenses

For the fiscal year under review, the Company recognized restructuring expenses of ¥318 million as extraordinary losses comprising ¥175 million in costs of disposal of fixed assets and ¥143 million in costs of relocation of facilities.

Year ended March 31, 2006

1. Asset impairment loss

Regarding fixed assets used in manufacturing activities, the Company has defined the plant/factory as the smallest cash-flow-generating unit, based on business segmentation under management accounting; fixed assets associated with the head office and those used for sales/marketing activities are categorized as shared assets. The following assets are for sale and disposal; their carrying amount (net book value) has been reduced to the recoverable amount, and the resulting asset impairment loss in the combined amount of 346 million yen has been recognized as an extraordinary loss. The recoverable amount was calculated based on net selling price obtained by real estate appraisal and other factors.

Purpose of use	Category of assets	Location	Impairment losses
			Million yen
Welfare provisions	Land and buildings, etc	Mie Prefecture, etc	245
Research facility	Buildings, etc	Shizuoka Prefecture	101
Total			346

[Consolidated Statements of Changes in Shareholders' Capital]
(April 1, 2006 to March 31, 2007)

1. Type and total number of shares issued and outstanding and Treasury stock

	Number of shares as of March 31, 2006	Increase	Decrease	Number of shares as of March 31, 2007
	thousand shares	thousand shares	thousand shares	thousand shares
Shares issued and outstanding				
Common shares	463,056	7,406	-	470,463
Total	463,056	7,406	-	470,463
Treasury stock				
Common shares*	1,157	257	504	910
Total	1,157	257	504	910

Notes: 1. A 7,406,000 increase in the number of common shares is due to the exercise of subscription right (or equity warrant?).
2. A 257,000 increase in the number of common shares represents purchase of shares constituting less than one unit. A 504,000 decrease in the number of common shares is due to the exercise of stock option for 493,000 shares and the sell of shares constituting less than one unit for 11,000 shares.

2. Equity warrant and subscription right to treasury stock
N.A.

3. Dividends

(1) Dividend paid

Date of approval	Type of share	Total dividend paid	Dividend per share	Record date	Effective Date
		million yen	yen		
Annual general meeting of shareholders on June 29, 2006	Common shares	2,771	6.00	March 31, 2006	June 30, 2006
Board of directors held on November 8, 2006	Common shares	3,236	7.00	September 30, 2006	December 8, 2006

(2) Among the dividends for which the record date falls within the period under review, the portion of the dividend for which the effective date falls in the next fiscal year

Date of approval	Type of share	Total dividend paid	Dividend resource	Dividend per share	Record date	Effective Date
		million yen		yen		
Annual general meeting of shareholders scheduled on June 28, 2007	Common share	4,225	Retained earnings	9.00	March 31, 2007	Scheduled for June 29, 2007

〔Cash flows〕

Reconciliation of the amounts of cash and cash equivalents at end of the year stated in Consolidated Statements of Cash Flows to the amounts of accounts stated in Consolidated Balance Sheets.

(In million yen)

	As of March 31, 2007	As of March 31, 2006
Cash and bank deposits	26,085	26,058
Securities	-	4,398
Short-term loans receivable	6,009	6,008
Time deposits with original maturities of more than three months	(2)	(565)
Short-term loans receivable (excl. repurchase agreement)	(9)	(8)
Cash and cash equivalents	32,083	35,891

〔Omission of disclosure〕

Notes on lease transactions, tax effect accounting, marketable securities, derivative transactions, retirement benefit plan and stock options are omitted as they are deemed to be insignificant for the purpose of timely disclosure.

〔Segment Information〕

1. Business segment information

Business segment information is not provided herein due to the following reasons:

(1) Sales of Machinery Equipment Division accounts for more than 90% of total sales.
(2) Operating income of Machinery Equipment Division accounts for more than 90% of the sum of operating income of all segments.
(3) The amount of assets held by Machinery Equipment Division accounts for more than 90% of total assets of all the segments.

2. Geographic segment information

(In million yen)

	Year ended March 31, 2007 (April 1, 2006 – March 31, 2007)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
I. Net sales and operating income/loss Net sales							
(1) External sales	223,653	123,263	77,680	59,220	483,817	-	483,817
(2) Inter-segment sales	115,991	990	287	6,667	123,937	(123,937)	-
Total	339,644	124,253	77,968	65,888	607,755	(123,937)	483,817
Operating expenses	311,365	119,723	73,650	59,437	564,177	(127,152)	437,025
Operating income	28,279	4,530	4,317	6,450	43,577	3,214	46,792
II. Assets	414,231	123,689	67,049	82,029	687,000	(75,055)	611,944

Notes: 1. Classification of geographic segment and major countries or regions in each segment
(1) Classification method of geographic segment: by geographic proximity
(2) Major countries or regions in each segment:
North America: U.S.A., Canada
Europe: Germany, France, United Kingdom
Asia and other areas: Asia, South and Central America
2. The corporate assets included in "Elimination" amounted to 37,033 million yen, and consisted mainly of the Company's invested funds (bank deposits and securities) and long-term investments (investment securities).

(In million yen)

	Year ended March 31, 2006 (April 1, 2005 – March 31, 2006)						
	Japan	North America	Europe	Asia and other areas	Total	Elimination	Consolidated total
I. Net sales and operating income/loss Net sales							
(1) External sales	211,502	113,511	67,111	42,711	434,836	-	434,836
(2) Inter-segment sales	108,820	1,016	312	1,943	112,093	(112,093)	-
Total	320,322	114,528	67,423	44,654	546,930	(112,093)	434,836
Operating expenses	295,245	110,068	64,227	40,735	510,277	(113,085)	397,191
Operating income	25,077	4,460	3,195	3,919	36,652	992	37,645
II. Assets	380,587	125,936	58,898	54,101	619,524	(58,030)	561,493

Notes: 1. Classification of geographic segment and major countries or regions in each segment
(1) Classification method of geographic segment: by geographic proximity
(2) Major countries or regions in each segment:

North America: U.S.A., Canada
Europe: Germany, France, United Kingdom
Asia and other areas: Asia, South and Central America

2. The corporate assets included in “Elimination” amounted to 44,268 million yen, and consisted mainly of the Company’s invested funds (bank deposits and securities) and long-term investments (investment securities).

3. Overseas sales

(In million yen)

	Year ended March 31, 2007 (April 1, 2006 – March 31, 2007)			
	North America	Europe	Asia and other areas	Total
I Overseas sales	125,426	77,193	74,273	276,893
II Consolidated net sales				483,817
III Ratio of overseas sales to total consolidated sales	25.9%	16.0%	15.3%	57.2%

Notes: 1. Classification of geographic segment and major countries or regions in each segment
(1) Classification method of geographic segment: by geographic proximity
(2) Major countries or regions in each segment:
North America: U.S.A., Canada
Europe: Germany, France, United Kingdom and other
Asia and other areas: Asia, South and Central America and other
2. “Overseas sales” includes sales by the Company and its consolidated subsidiaries to the countries and regions other than Japan.

(In million yen)

	Year ended March 31, 2006 (April 1, 2005 – March 31, 2006)			
	North America	Europe	Asia and other areas	Total
I Overseas sales	112,001	66,892	58,245	237,139
II Consolidated net sales				434,836
III Ratio of overseas sales to total consolidated sales	25.8%	15.4%	13.4%	54.5%

Notes: 1. Classification of geographic segment and major countries or regions in each segment
(1) Classification method of geographic segment: by geographic proximity
(2) Major countries or regions in each segment:
North America: U.S.A., Canada
Europe: Germany, France, United Kingdom and other
Asia and other areas: Asia, South and Central America and other
2. “Overseas sales” includes sales by the Company and its consolidated subsidiaries to the countries and regions other than Japan.

〔Par share data〕

		Year ended March 31, 2007	Year ended March 31, 2006
	Net assets per share (yen)	445.61	396.73
	Net income per share (yen)	58.34	41.94
	Net income per share-fully diluted (yen)	54.54	38.55

Note: Net income per share and Net income per share-fully diluted are computed based on the following data:

	Year ended March 31, 2007	Year ended March 31, 2006
Net income per share		
Net income in consolidated balance sheets (million yen)	27,014	19,550
Amounts not belonging to common shares holders (million yen)	-	178
(Directors' bonuses as part of amounts not belonging to common shares holders (million yen))	-	178
Net income available for common shares (million yen)	27,014	19,371
Average number of common shares during the period (thousand shares)	463,014	461,908
Net income per share-fully diluted		
Adjustments in net income in consolidated balance sheets (million yen)	0	1
(Administration fee, etc. (excluding tax equivalent amount) as part of adjustments in net income in consolidated balance sheets (million yen))	0	1
Increase in number of common shares (thousand shares)	32,306	40,670
(Convertible bonds as part of increase in number of common shares (thousand shares))	32,268	40,540
(Equity warrant as part of increase in number of common shares (thousand shares))	38	130

5. Non-Consolidated Financial Statements

Balance Sheets

(In million yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	(A) – (B)
	Amount	Amount	Amount
Assets			
I Current assets			
1 Cash and bank deposits	11,233	14,929	(3,696)
2 Notes receivable-trade	14,589	12,502	2,087
3 Accounts receivable-trade	82,070	74,839	7,231
4 Securities	-	4,398	(4,398)
5 Merchandise	959	905	54
6 Finished goods	18,836	19,687	(851)
7 Raw materials	1,190	1,392	(202)
8 Work in process	17,177	18,358	(1,181)
9 Supplies	3,192	4,260	(1,068)
10 Prepaid expenses	45	73	(28)
11 Deferred tax assets	3,666	2,978	688
12 Short-term loans receivable	13,175	14,695	(1,520)
13 Accounts receivable - other	13,847	12,546	1,301
14 Other	2,231	2,720	(489)
15 Allowance for doubtful accounts	(37)	(34)	(3)
Total current assets	182,178	184,253	(2,075)
II Fixed Assets			
1 Property, plant and equipment			
(1) Buildings	24,242	24,125	117
(2) Structures	1,817	1,881	(64)
(3) Machinery and equipment	49,955	47,404	2,551
(4) Vehicles	318	383	(65)
(5) Tools and furniture	3,766	3,934	(168)
(6) Land	16,861	16,571	290
(7) Construction in progress	3,427	2,585	842
Total property, plant and equipment	100,388	96,888	3,500
2 Intangible fixed assets			
(1) Patent	22	2	20
(2) Leasehold	252	252	-
(3) Software	1,620	1,835	(215)
(4) Other	71	74	(3)
Total intangible assets	1,966	2,165	(199)
3 Investments and other assets			
(1) Investment securities	25,012	23,841	1,171
(2) Shares of affiliates	99,170	79,937	19,233
(3) Investment in affiliates	5,279	5,279	-
(4) Long-term loans receivable	31	37	(6)
(5) Long-term prepaid expenses	48	61	(13)
(6) Deferred tax assets	10,811	12,094	(1,283)
(7) Other	1,468	1,805	(337)
(8) Allowance for doubtful accounts	(2)	(4)	2
Total investments and other assets	141,818	123,052	18,766
Total fixed assets	244,174	222,106	22,068
Total assets	426,352	406,360	19,992

(In million yen)

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	(A) – (B)
	Amount	Amount	Amount
Liabilities			
I Current liabilities			
1 Notes payable	9,131	18,544	(9,413)
2 Accounts payable - trade	81,506	67,399	14,107
3 Short-term loans	14,020	14,020	-
4 Bonds due within one year	-	10,000	(10,000)
5 Accounts payable, other	3,940	4,167	(227)
6 Accrued expense	13,341	11,456	1,885
7 Income taxes payable	5,090	4,256	834
8 Accrued bonuses for directors and statutory auditors	154	-	154
9 Other	1,832	1,012	820
Total current liabilities	129,017	130,857	(1,840)
II Long-term liabilities			
1 Bonds	40,000	40,000	-
2 Corporate bonds with equity warrant	24,519	30,000	(5,481)
3 Long-term loans	18,600	1,600	17,000
4 Accrued retirement benefits for employees	26,433	40,771	(14,338)
5 Reserve for product defect compensations	700	2,054	(1,354)
6 Other	9,363	973	8,390
Total long-term liabilities	119,617	115,399	4,218
Total liabilities	248,634	246,256	2,378
III **Shareholders' equity**			
1 Common stock	-	39,599	-
2 Capital surplus			
(1) Capital reserve	-	52,622	-
(2) Gains on disposition of treasury stock	-	16	-
Total capital surplus	-	52,638	-
3 Retained earnings			
(1) Legal reserves	-	8,639	-
(2) Reserve for special depreciation	-	93	-
(3) Reserve for advanced depreciation of replacement assets	-	657	-
(4) General reserve	-	22,009	-
(5) Unappropriated retained earnings	-	26,351	-
Total retained earnings	-	57,752	-
4 Net unrealized gains/losses on other securities	-	10,699	-
5 Treasury stock	-	(585)	-
Total shareholders’ equity	-	160,103	-
Total liabilities and shareholders’ equity	-	403,360	-

	As of March 31, 2007 (A)	As of March 31, 2006 (B)	(A) – (B)
	Amount	Amount	Amount
Net assets			
I Shareholders' capital			
1 Common stock	42,339	-	-
2 Capital surplus			
(1) Capital reserve	55,362	-	-
(2) Other capital surplus	47	-	-
Total capital surplus	55,410	-	-
3 Retained earnings			
(1) Legal reserves	8,639	-	-
(2) Other retained earnings			
(a) Reserve for special depreciation	16	-	-
(b) Reserve for advanced Depreciation of replacement assets	625	-	-
(c) General reserve	22,009	-	-
(d) Retained earnings carried over	41,408	-	-
Total retained earnings	72,700	-	-
4 Treasury stock	(568)	-	-
Total shareholders' capital	169,881	-	-
II Valuation and translation adjustments			
1 Net unrealized holding gains on other securities	7,836	-	-
Total valuation and translation adjustments	7,836	-	-
Total net assets	177,718	-	-
Total liabilities and net assets	426,352	-	-

Statements of Operations

(In million yen)

	Year ended March 31, 2007 (A)	Year ended March 31, 2006 (B)	(A) – (B)
	Amount	Amount	Amount
I Net sales	336,839	317,343	19,496
II Cost of sales	274,391	257,846	16,545
Gross profit	62,447	59,497	2,950
III Selling, general and administrative expenses	39,664	39,213	451
Operating income	22,783	20,283	2,500
IV Non-operating income			
1 Interest and dividend income	5,879	4,464	1,415
2 Other	4,035	2,582	1,453
Total non-operating income	9,914	7,046	2,868
V Non-operating expenses			
1 Interest expenses	783	766	17
2 Other	2,495	3,897	(1,402)
Total non-operating expenses	3,278	4,664	(1,386)
Ordinary income	29,419	22,666	6,753
VI Extraordinary gains			
1 Gains arising from the change in retirement benefit scheme	2,380	-	2,380
2 Gain on sale of investment securities	1,645	-	1,645
Total extraordinary gains	4,025	-	4,025
VII Extraordinary losses			
1 Reserve for product defect compensation	-	2,100	(2,100)
2 Impairment loss	558	346	212
3 Restructuring expenses	318	-	318
Total extraordinary losses	876	2,446	(1,570)
Income before income taxes and minority interests	32,568	20,219	12,349
Income and other taxes	8,968	7,493	1,475
Income taxes adjustment	2,505	(1,830)	4,335
Net income	21,095	14,557	6,538

Statement of Changes in Shareholders' Capital

Year ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(In million yen)

	Shareholders' capital						
		Capital surplus			Retained earnings		
						Other	
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserves	Reserve for special depreciation	Reserve for advanced depreciation of replacement assets
Balance as of March 31, 2006	39,599	52,622	16	52,638	8,639	93	657
Change during the period							
Issuance of new shares	2,740	2,740		2,740			
Distribution of retained earnings*							
Distribution of retained earnings							
Directors' bonuses*							
Reversal of reserve for special depreciation*						(38)	
Reversal of reserve for special depreciation						(38)	
Reversal of reserve for advanced depreciation of replacement assets*							(17)
Reversal of reserve for advanced depreciation of replacement assets							(15)
Net income							
Net gains on sale of treasury stock			31	31			
Purchase of treasury stock							
Sale of treasury stock							
Net change in items other than shareholders' capital during the year							
Total change during the period	2,740	2,740	31	2,772	-	(76)	(32)
Balance as of March 31, 2007	42,339	55,362	47	55,410	8,639	16	625

(In thousand yen)

	Shareholders' capital					Valuation and translation adjustments	Total net assets
	Retained earnings			Treasury stock	Total shareholders' capital	Net unrealized gains (losses) on other securities	
	Other		Total retained earnings				
	General reserve	Retained earnings carried over					
Balance as of March 31, 2006	22,009	26,351	57,752	(585)	149,404	10,699	160,103
Change during the period							
Issuance of new shares					5,481		5,481
Distribution of retained earnings*		(2,771)	(2,771)		(2,771)		(2,771)
Distribution of retained earnings		(3,236)	(3,236)		(3,236)		(3,236)
Directors' bonuses*		(140)	(140)		(140)		(140)
Reversal of reserve for special depreciation*		38	-		-		-
Reversal of reserve for special depreciation		38	-		-		-
Reversal of reserve for advanced depreciation of replacement assets		17	-		-		-
Reversal of reserve for advanced depreciation of replacement assets		15	-		-		-
Net Income		21,095	21,095		21,095		21,095
Net gains on sale of treasury stock					31		31
Purchase of treasury stock				(249)	(249)		(249)
Sale of treasury stock				266	266		266
Net change in items other than shareholders' capital during the year						(2,863)	(2,863)
Total change during the period	-	15,056	14,947	17	20,477	(2,863)	17,614
Balance as of March 31, 2007	22,009	41,408	72,700	(568)	169,881	7,836	177,718

Note* Subject to the resolution on the appropriation of retained earnings adopted by the Annual General Meeting of Shareholders held in June 2006.

Appropriation of Retained Earnings
(April 1, 2005 – March 31, 2006)

(In million yen)

	Year ended March 31, 2006
Unappropriated retained earnings	26,351
Reversal of reserve for special depreciation	38
Reversal of reserve for advanced depreciation of replacement assets	17
Total	26,407
Cash dividend	2,771 6.00 yen per share
Directors' bonuses	140
(Directors' bonuses excluding auditors' bonuses)	130
(Auditors' bonuses as part of directors' bonuses)	10
Retained earnings carried over to the following term	23,496

Note: Interim dividend of ¥2,309 million (¥5.00 per share) was paid on December 9, 2005.