

Consolidated Financial Results for FY2007/3 First Half (April 1, 2006 to September 30, 2006)

October 27, 2006

Company: Densei-Lambda K.K. Exchanges on which listed: Tokyo and Osaka
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Date of Board of Directors' Meeting for approval of interim closing of accounts : October 27, 2006

Parent company : TDK Corporation (Code no.: 6762)

Ownership ratio of voting rights by parent company : 59.2 %

Adoption of US GAAP (yes/no): No

1. Consolidated financial results for FY2007/3 first half (April 1, 2006 to September 30, 2006)

(1) Consolidated financial results

	Net sales	Operating income	Ordinary income
	JPY million	JPY million	JPY million
September 2006 (H1)	25,098 (54.9 %)	- 23 (-- %)	- 63 (-- %)
September 2005 (H1)	16,204 (- 4.7 %)	839 (- 17.9 %)	918 (-19.3 %)
March 2006	39,441 --	1,837 --	2,012 --

	Net income	Net income per share	Net income per share, fully diluted
	JPY million	JPY	JPY
September 2006 (H1)	- 317 (-- %)	- 14.72	--
September 2005 (H1)	193 (- 68.1 %)	9.00	8.98
March 2006	- 119 --	- 6.46	--

Notes:

1) Equity in earning (loss) of associates to:

September 2006 (H1): - million yen September 2005 (H1): - million yen March 2006: - million yen

2) Average number of shares in issue during period to (Consolidated):

September 2006 (H1): 21,538,434 shares September 2005 (H1): 21,522,010 shares March 2006: 21,522,565 shares

3) Change in accounting policies (yes/no): No

4) Figures in bracket under net sales, operating income, ordinary income and net income refer to year-on-year percentage change.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	JPY million	JPY million	%	JPY
September 2006 (H1)	41,155	17,790	43.2	824.68
September 2005 (H1)	33,102	18,296	55.3	850.20
March 2006	39,672	17,959	45.3	833.96

Notes: Number of shares outstanding at end of term (Consolidated) :

September 2006 (H1): 21,539,668 shares September 2005 (H1): 21,520,755 shares March 2006: 21,534,796 shares

(3) Consolidated statements of 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
	JPY million	JPY million	JPY million	JPY million
September 2006 (H1)	- 133	229	929	5,332
September 2005 (H1)	- 776	- 546	393	3,611
March 2006	2,001	- 6,398	3,939	4,199

(4) Consolidated subsidiaries and application of the equity method

Number of consolidated subsidiaries: 17

Number of non-consolidated subsidiaries: 0

Number of associated companies with equity method applied: 0

(5) Change in consolidated subsidiaries and application of the equity method

New consolidated subsidiaries: 0

Excluded consolidated subsidiaries: 0

Equity method newly applied: 0

Excluded equity method: 0

2. Consolidated financial forecast for FY2007/3 (April 1, 2006 to March 31, 2007)

	Net sales	Ordinary income	Net income
	JPY million	JPY million	JPY million
Full year	52,300	1,300	- 400

Note: The estimated net income per share for the fiscal year is - 18.57 yen.

*The above forecast is based on the information available as of the date when this information is disclosed, so our actual performance could be different from it due to possible factors from now on.

2. Management Policies

(1) Principle Management Policies

Our principle policy at Densei-Lambda is to utilize our comprehensive expertise to provide value-adding total power solutions for our customers, and thereby become the world's leading supplier of electronic power equipment.

We are also striving to ensure "safety and a sense of security" and provide "profitability and pride" on behalf of the many customers, investors and shareholders who have high expectations for the Company, and to establish a firm business foundation as a leading manufacturer of switching power supplies and uninterruptible power systems (UPS).

[Corporate Philosophy]

Densei-Lambda, as a total power solution provider, shall pledge to:

- Provide safety and a sense of security to its customers.
- Provide clean-power products that are friendly to the global environment.
- Become number one in the world by constantly embracing change and reform.

(2) Basic Profit-Appropriation Policies

We at Densei-Lambda believe that an increase in equity capital, which enables further investments in the future, will lead to lasting business growth and ultimately serve shareholder interests in the long run.

Therefore, our basic policy regarding the appropriation of profits is to maintain stable dividends over the long term. We determine dividend ratios by taking into account a range of factors, such as the Company's balance sheet, business environment and projected earnings.

Retained earnings are to be used to finance investments, such as capital investments on production facilities and research and development.

(3) Medium- and Long-Term Management Strategies and Indicators

As the power-supply industry continues to globalize and alliances are formed around the world, competition is intensifying further. Amid this challenging business environment, the Densei-Lambda Group joined the TDK Group in October 2005, and in January 2006 we purchased seven sister Lambda Group companies in Europe and the U.S. as a means to expand our scale of business. Given these moves, the management environment surrounding Densei-Lambda is now undergoing major change. Densei-Lambda will build a lean business structure based on the following management strategies designed to achieve high profitability while maintaining growth:

Regarding the medium-term management target, we aim to record 60 billion yen in sales and 6 billion yen in operating income (operating margin of 10%) in the 32nd business year ending March 2009.

[1] Drive collaboration with the TDK Group.

- Utilize the abundant assets (materials, material technologies, know-how, etc.) of the TDK Group to maximize our corporate value.
- Increase the recognition of "TDK-Lambda" brand to make the new, integrated entity better known in the market.

- [2] Further expand the switching power-supply business and UPS business.
- Step up our existing business relationships with key customers, and focus on developing new customers and markets in order to establish a dominant market position.
 - Reinforce the business structures of European and U.S. Lambda operations and thereby increase our shares in these key markets for standard power supplies.
 - Promote growth while expanding the business fields by seeking opportunities for new partnerships and alliances through M&A.
- [3] Achieve world-class standards in production, quality and logistics.
- Streamline the current production and logistics systems to build an optimal production and supply infrastructure, while driving manufacturing reform at the same time, in order to achieve lower cost, higher quality, leaner inventory and shorter lead time.
- [4] Develop products that can meet the needs of the global marketplace.
- Develop advanced technologies that will set new technical standards in the industry. In particular, we will design products offering unique features that will differentiate us from other companies.
 - Actively promote joint developments and technical partnerships in order to shorten the lead time and increase the efficiency of technological development.
- [5] Implement efforts to preserve the global environment.
- Provide environmental “clean power” products to ensure the benefits of resource savings and energy conservation, while pushing forward to eliminate the use of controlled substances that are harmful to our environment.
- [6] Improve corporate governance.
- Improve our business management structures, organizations and mechanisms to ensure the Company is running in compliance with applicable laws in a financially sound and efficient manner, while also making the necessary information public in a timely fashion to increase the transparency of management.
- [7] Build a new corporate culture that values and encourages mutual trust.

(4) Issues Facing the Company

- With our joining of the TDK Group and acquisition of European and U.S. Lambda group companies, we will establish new operating rules and provide continuous education and training for our employees to harness a corporate culture and style built on mutual trust.
- We will strengthen functional alliances in each country and at each sales/manufacturing base to link the core technologies of the TDK Group and Densai-Lambda Group, as well as the global sales channels and service networks of the two groups, more efficiently to our customer service.
- In the area of switching power supplies, we will better balance the production volumes among factories, reform our current material procurement system, and also improve the transportation means, in a manner allowing each production facility to demonstrate its strengths and unique resources. Through these efforts, we will not only shorten the lead time, but also improve our comprehensive strengths as a manufacturer.
- Regarding UPS, we will seek business partnerships while stepping up the sales function as well as the sales support function (including consultation) to expand the mutual product supply system and increase sales. We will also actively tap upgrade/replacement

demands on the back of improving economy, and seek business opportunities in the digital terrestrial broadcasting market.

- We will anticipate the market trends in communication, IT, factory automation and core industry sectors to develop competitive power supply products that can answer the needs of the global market, while driving the development of products conforming to the RoHS Directive to achieve our mission of protecting the global environment. We will also stress advanced technology development and promote joint research projects with universities, etc., to offer new technologies and value-added products.
- In addition, we will continue to implement manufacturing reform that encompasses all our group companies, in order to improve our production efficiency. Furthermore, we will drive cost reduction by actively adopting parts and materials made overseas, while driving the effort to handle in-house the business processes that were heretofore outsourced to outside companies.
- Densai-Lambda, as a company aware of its environmental responsibility, will establish a product environment management system and step up the effort to eliminate the use of environmentally harmful substances in our products. Concurrently we will implement the “zero emission” program aimed at achieving 100% recycling of waste materials, so that we can do our share in the environmental protection.

(5) Items Regarding the Parents, etc.

[1] Trade names of the parents, etc.

(As of September 30, 2006)

Parent, etc.	Relationship	Ownership of voting rights by the parent, etc. (%)	Stock exchange on which the parent, etc., is listed
Lambda Far-East Ltd.	Company affiliated with the listed company	9.57	None
Lambda Holdings Inc.	Parent	59.21 (9.57)	None
TDK U. S. A. Corporation	Parent	(59.21)	None
TDK Corporation	Parent	(59.21)	Tokyo, Osaka, New York, London and Brussels stock exchanges

(Note) In the column “Ownership of voting rights by the parent, etc.,” the figure in parentheses indicates a percentage of indirect ownership, including overlapping interests.

[2] Trade name or name of the parent having the largest impact on the Densai-Lambda Group, and reason

Of the parents, etc., TDK Corporation has the largest impact on the Densai-Lambda Group. Our direct parent is Lambda Holdings Inc., which holds 59.21% of all voting rights in the Company. However, TDK Corporation indirectly owns all voting rights in Lambda Holdings Inc.

[3] Positioning of the Densai-Lambda Group in the groups of companies including the parents, etc., and other relationships of the Densai-Lambda Group with the parents, etc.

In the organizational umbrella of TDK Corporation, which is an indirect parent of the Company, the Densai-Lambda Group belongs to the Power Systems Business Group that handles the power supply business. The Densai-Lambda Group’s main focus in the power supply business encompasses switching power supplies and UPSs for industrial equipment. Although both TDK and Densai-Lambda cover switching power supplies in their respective

power supply business operations, the market focus of the TDK's Power Systems Business Group is different from ours, and thus the Densei-Lambda Group is not restricted in any way in conducting its business operations.

As for our transactions with TDK Corporation, we supply/sell and purchase products to and from the Power Systems Business Group, and our overseas subsidiaries also conduct contract manufacturing for the TDK Group. In addition, we purchase certain electronic materials, components, etc., from the TDK Group. However, sales to third parties other than the TDK Group still account for a majority of sales generated by the Densei-Lambda Group. We believe it is of utmost importance to reinforce our collaboration with the TDK Group by sharing the business strategies of TDK Corporation, a blue-chip manufacturer of electronic components and materials, in order to achieve sustained growth of our power supply business in the future. Accordingly, four representatives from the TDK Group now sit on the seven-member board of Densei-Lambda (among these four external directors, one is a member of the board of TDK Corporation). This means that TDK has influence over decisions concerning the Company's management policies, etc. However, our independence is sufficiently ensured as we make decisions through thorough discussions by also seeking independent opinions from external auditors.

[4] Items regarding transactions with the parents, etc.

With regard to our transactions with the parents, the Densei-Lambda Group purchased electronic materials, components, etc., from its parent in values amounting to 478 million yen during the consolidated interim fiscal period in review. The balance of loans from our parent stood at 3 billion yen at the end of the current consolidated interim fiscal period. These loans have been made available to allow the TDK Group to effectively utilize their cash.

3. Business Results and Financial Condition

(1) Business Results

[1] Overview of the consolidated interim fiscal period in review

In the consolidated interim fiscal period in review, the Japanese economy maintained a recovery trend owing in part to continued growth in capital spending backed by high corporate earnings, and in part to brisk consumer spending that continued to rise on the back of gradual recoveries in employment numbers and wages.

In the electronics industry, demand for electronic components grew in line with the strength in IT and digital markets.

Against this economic backdrop, we stepped up our ties with the TDK Group and expended efforts to achieve maximum synergies while expanding our business.

- To build an optimal power-supply business structure as a member of the TDK Group, we reviewed our current mutual product supply-and-production system and initiated joint development projects.
- In the area of switching power supplies, we consolidated sales offices to reinforce collaboration in sales operations with TDK Corporation, our parent, and also to better share information. These consolidations established a structure that allows us to respond to customer's needs in a more timely and reliable manner. As for the integration of sales channels of TDK Corporation and Densai-Lambda, which remains a key challenge, we organized presentations and seminars across Japan, so that both TDK and Densai-Lambda agents can sell both companies products.
- Overseas, we promoted strategic products meeting the needs of respective sectors including medical, communication, factory automation (FA), display and computer, and conducted focused promotional activities targeting a select group of customers.
- Turning to uninterruptible power systems (UPSs), we actively approached broadcasters across Japan to tap the growth of digital terrestrial broadcasting and the needs of local stations wanting to go digital. For smaller relay stations, we proposed system models suitable for small-scale equipment. Furthermore, we bolstered our sales collaboration with other companies to develop untapped markets and customers to expand our share, while organizing a repair center to improve the lead time and quality to provide better maintenance service overall.
- We continue to drive manufacturing reform to improve production efficiency and profitability. To expand this effort, we began introducing the activities to our newly acquired production subsidiaries in the U.S. and Europe. In addition, we actively purchased materials and parts procured/manufactured overseas and also shifted production operations abroad to reduce cost and optimize our production structure.

All in all, sales amounted to 25,098 million yen in the consolidated interim fiscal period in review (up 54.9% from the same period in the previous business year), due partly to the inclusion of European and U.S. Lambda companies into the basis of consolidation with effect from January 2006, and partly to the strength of switching power supply business. However, the Group recorded an ordinary loss of 63 million yen (compared to an ordinary income of 918.4 million yen in the previous consolidated interim fiscal period) due to the amortization of goodwill in connection with the acquisition of Lambda group companies. Although the sale of idle land in Tsukuba generated an extraordinary income, tax expenses

increased and the Group ended with 317 million yen in interim net loss (compared to an interim net income of 193 million yen in the same period in the previous fiscal year).

Viewing the results by product category, sales from switching power supplies amounted to 22,188 million yen (up 67.7% from the previous consolidated interim fiscal period).

In Japan, the semiconductor business saw slightly better results compared to the same period in the previous business year, but sales to domestic manufacturers of communication and computer equipment remained soft. However, these weaknesses were more than offset by sales to new customers and customers switching from competitors as a result of our ongoing focus on customer development since the previous business year.

Overseas, our sales in the U.S. and European markets expanded, and local sales remained brisk in China. In Asia, semi-custom power supplies increased share, and demand for communication equipment rose in South Korea. In Israel, our results grew substantially after we landed new large accounts.

Our UPS sales amounted to 2,909 million yen (down 2.0%).

Although demand did not grow much in the UPS market as a whole, sales of UPSs and emergency generators (EGs) for digital terrestrial broadcasting stations increased as more broadcasters introduced digital broadcasting. EG demand also rose among the manufacturers of communication facilities for fixed telephone lines. However, falling sales of large UPS products and lower income from maintenance service, due to changes to the maintenance plans of existing customers, led the overall sales lower.

[2] Outlook for the next period

Going forward, the uncertainty over the future course of the U.S. economy is growing. However, capital spending is increasing on the back of strong corporate earnings, while personal spending should also grow gradually. Supported by private sector demand, the Japanese economy is expected to improve further.

For the entire business year we are seeking to achieve consolidated sales of 52.3 billion yen, owing partly to the full-year contribution from European and U.S. Lambda companies and partly to a solid outlook on economy. The amortization of goodwill pertaining to the European and U.S. Lambda companies should lead to 1.3 billion yen in consolidated ordinary income. However, we are expecting 400 million yen in consolidated net loss due to tax expenses.

[3] Dividends

In light of the business results and economic outlook for the future, we decided to pay an interim dividend of 5 yen per share for the current interim fiscal period in order to bolster our corporate strength and remain consistent with our policy of maintaining a stable dividend level.

(2) Financial Condition

Cash and cash equivalent (hereinafter referred to as “cash”) in the consolidated interim fiscal period in review increased substantially by 1,721 million yen from the end of the previous consolidated interim fiscal period to 5,332 million yen at the end of the current consolidated interim fiscal period, due mainly to the inclusion of seven European and U.S. Lambda companies into the basis of consolidation with effect from January 2006, and also to active sale of idle fixed assets.

The cash-flow conditions at the end of the current consolidated interim fiscal period and the key factors that contributed to those figures are explained below:

[1] Cash flow from operating activities

Net cash consumed by operating activities was 133 million yen (down 82.8% from the same period in the previous business year).

This is chiefly because the decreases in cash due mainly to increased trade receivables (164 million yen), increased inventory (1,843 million yen), decreased trade payable (133 million yen) and payment of corporate taxes (282 million yen), exceeded the increases in cash owing to an interim net income before tax and other adjustments (172 million yen), depreciation expenses (743 million yen) and amortization of goodwill (1,455 million yen).

[2] Cash flow from investing activities

Net cash resulting from investing activities was 229 million yen (compared to 546 million yen spent in the same period in the previous fiscal year).

This is primarily due to the income from sale of tangible fixed assets such as idle land (848 million yen) exceeding the expenses associated with acquisition of tangible fixed assets (522 million yen) and intangible fixed assets (108 million yen).

[3] Cash flow from financing activities

Net cash resulting from financing activities was 929 million yen (up 136.4% from the previous interim fiscal period).

This is mainly because the increases in short-term borrowings (1,079 million yen) exceeded the decreases in cash due to repayment of long-term debt (45 million yen) and dividend paid (107 million yen).

The trends in the Group's cash flow indices are shown below:

	Interim period ended September 2005	Business year ended March 2006	Interim period ended September 2006
Net-worth ratio (%)	55.3	45.3	43.2
Net-worth ratio based on market price (%)	100.4	111.2	97.6
Number of debt- repayment years	---	3.3	---
Interest-coverage ratio	---	25.0	---

- * Net-worth ratio : Net assets / Total assets
Net-worth ratio based on market price : Total market value of outstanding shares / Total assets
Number of debt-repayment years : Interest-bearing debt / Operating cash flow
Interest-coverage ratio : Operating cash flow / Interest-payment expenses

(Note)

1. Each index is calculated from financial figures on a consolidated basis.
2. The total market value of outstanding shares is calculated by "Closing price of share at end of period" x "Total number of shares outstanding at end of period (after deducting treasury stocks)."
3. Operating cash flow represents the cash flow from operating activities on the consolidated statements of cash flows. Interest-bearing debt covers all debts recorded on the consolidated balance sheet that are subject to interest payments. Interest-payment expenses indicate the amount of interest payable on the consolidated statements of cash flows.
4. The number of debt-repayment years and interest coverage ratio are not provided for the interim periods ended September 2005 and September 2006, as the cash flow from operating activities were negative in these periods.

(3) Business Risks and Others

The risks to which the Densei-Lambda Group is exposed in regard to the Group's business results, financial condition, etc., are explained below:

The future events mentioned in the text are based on opinions of the Group at the end of the current consolidated interim fiscal period.

[1] Economic condition

The Densei-Lambda Group sells power-supply equipment in various countries around the world, and is therefore affected by the economic situations in Japan and overseas. Market contractions or declining demand in Japan, Asia, North America, Europe and other regions may negatively impact the business results of the Group.

[2] Risks associated with overseas business expansion

The Densei-Lambda Group has been actively shifting its production operations to overseas locations in order to reduce product costs. However, some regions have potentially detrimental social situations. If these situations deteriorate, business operations at our local subsidiaries might become difficult and the business results of the Group might be negatively affected.

Moreover, we invariably face various risks as we expand our business overseas. The business results of the Group might be negatively impacted by export or import restrictions, changes in taxation rules or tax rates, and other economic, social, political changes in the countries where we operate.

[3] Foreign-exchange risks

The Densei-Lambda Group operates globally and is therefore engaged not only in yen-denominated transactions in Japan but also in transactions denominated in foreign currencies in Europe, U.S., Asia, etc. The acquisition of European and U.S. Lambda Group companies in January of this year increased the transaction volumes in foreign currencies. Although we are using financial measures to minimize the impact of unfavorable exchange rates when sales in foreign currencies are converted to the Japanese yen, sudden fluctuations in foreign-exchange rates may negatively affect the business results of the Group. Similarly, sales, expenses, assets and other account items managed in foreign currencies by overseas subsidiaries are converted to yen when they are reflected in the Group's financial statements, and therefore adverse conversion rates of these items may negatively affect the asset values in the financial statements.

Particularly, the rising values of local currencies in China, Southeast Asia and other regions where the Group produces can increase manufacturing costs and procurement costs. If these cost increases cannot be transferred to selling prices or no new cost reductions are achieved, the business results of the Group might be negatively impacted.

The Densei-Lambda Group also services borrowings based on variable interest rates, and therefore fluctuations in interest rates can negatively affect the business results of Densei-Lambda.

[4] Risks associated with competition

The markets where the Densei-Lambda Group conducts business have many companies competing against one another, and are therefore subject to intense competition. Some companies might invest more business resources than the Densei-Lambda Group does in regard to development, production and/or sales activities; they might cut prices to gain an advantage; or they might introduce products offering new technologies to increase shares.

Although the Group is stepping up its entire business system encompassing every stage from development to production and sales, we might not be able to fully forecast and respond to market trends and their changes. If we fail to reduce costs to match the competitive pricing by our rivals, or if we cannot develop new products that are better than those of our competitors, the business results of the Group might be negatively impacted.

[5] Risks associated with intellectual property rights

The Densei-Lambda Group is accumulating new technologies and original know-how by obtaining intellectual property rights in these technologies/know-how so that we can differentiate ourselves from our rivals and achieve an edge in business. However, if the Group cannot implement measures sufficient to protect its intellectual property rights, etc., our intellectual property rights, etc., might be used illegally or the Group may unknowingly infringe upon the intellectual property rights, etc., of third parties. These events can negatively impact the business results of the Group.

Moreover, some Group products have been developed by utilizing intellectual property rights, etc., belonging to other companies, so there is no guarantee that the Group will be able to renew and continue to use the necessary intellectual property rights, etc., under reasonable conditions. If we cannot access the necessary rights under reasonable conditions, the business results of the Group might be negatively affected.

[6] Risks associated with materials and parts

Escalating material costs or deterioration in the balance of supply and demand might lead to rising prices of parts and materials required in the production activities of the Group. Moreover, delays in the supply of necessary production parts and materials from suppliers could also negatively affect the business results of the Group.

[7] Risks associated with quality

The Densei-Lambda Group has obtained an ISO quality management certification and provides products of excellent quality, as well as reliable services in compliance with the ISO certification. However, there is no guarantee that all our products and services will be free of problems. In the event of a product liability lawsuit, wide-scale recall or major problem resulting in substantial indirect losses, the business results of the Group might be negatively affected.

[8] Risks associated with environmental regulations

Regulatory efforts to protect the global environment are becoming increasingly prevalent worldwide, as seen in the enactment of the RoHS regulation and the introduction of “green” purchasing initiatives by large user companies. Densei-Lambda is also fulfilling its share of responsibility by positioning the global environment as one of our key management issues. However, if we cannot introduce into the market, in a timely manner, a range of new products meeting the environmental needs of the society, if stricter regulations require significant investments for compliance, or if unexpected environmental problems occur that affect our operations, the business results of the Group might be negatively impacted.

[9] Risks associated with shareholders' equity

The Company's largest shareholder is Lambda Holdings, Inc., which owns 59.21% of total voting rights in Densei-Lambda including shares owned indirectly. However, all voting rights in Lambda Holdings, Inc. are owned by TDK Corporation, which makes TDK Corporation an indirect parent of the Company. Although Densei-Lambda and TDK are conducting business independently, the business results of the Densei-Lambda Group might be negatively impacted depending on the strategies of the TDK Group.

[10] Other risks

The Densei-Lambda Group positions risk management as an important policy in carrying out our business. However, the Group is still exposed to various risks other than as mentioned above, including material changes due to various regulations, laws and accounting systems, the illegal use or disclosure of information, shortages of manpower, taxation, natural disasters, wars and terrorism, to name a few. These risks can also have negative effects on the business results of the Group.

Interim Consolidated Balance Sheets

(Thousands of yen)

	FY2006/3 First Half As of September 30, 2005		FY2007/3 First Half As of September 30, 2006		FY2006/3 As of March 31, 2006	
		%		%		%
[ASSETS]						
I. Current assets	22,041,770	66.6	29,006,537	70.5	25,420,558	64.1
1 Cash and deposits	3,621,340		5,332,466		4,209,042	
2 Notes and accounts receivable-trade	10,948,068		13,255,181		12,873,335	
3 Inventories	5,997,355		9,114,053		7,156,941	
4 Deferred tax assets	995,473		750,987		563,422	
5 Others	508,028		662,594		714,835	
Allowance for doubtful accounts	-28,496		-108,746		-97,018	
II. Fixed assets	11,060,444	33.4	12,149,380	29.5	14,252,053	35.9
1 Tangible fixed assets	7,460,044		8,707,869		9,185,784	
1) Buildings and structures	1,248,392		1,766,551		1,725,807	
2) Machinery and delivery equipment	1,968,595		3,597,760		3,565,559	
3) Land	3,694,223		2,551,875		3,070,326	
4) Others	548,832		791,680		824,091	
2 Intangible fixed assets	1,173,868		2,551,074		3,992,854	
1) Consolidated adjustment account	-		-		2,910,169	
2) Goodwill	-		1,455,084		-	
3) Others	1,173,868		1,095,990		1,082,684	
3 Investments and others	2,426,531		890,435		1,073,415	
1) Investment securities	1,889,575		535,725		685,054	
2) Deferred tax assets	169,027		10,121		54,132	
3) Others	412,027		359,697		371,808	
Allowance for doubtful accounts	-44,098		-15,107		-37,579	
Total assets	33,102,214	100.0	41,155,917	100.0	39,672,612	100.0

(Thousands of yen)

	FY2006/3		FY2007/3		FY2006/3	
	First Half		First Half		As of March 31, 2006	
	As of September 30, 2005		As of September 30, 2006			
		%		%		%
[LIABILITIES]						
I. Current liabilities	10,242,085	30.9	19,253,500	46.8	17,998,362	45.3
1 Notes and accounts payable-trade	6,963,193		7,975,681		7,967,800	
2 Short-term borrowings	781,149		5,548,723		4,469,210	
3 Current portion of long-term debt	90,000		1,792,323		1,792,213	
4 Income taxes payable	137,995		284,086		241,100	
5 Reserve for bonuses	651,150		901,753		760,698	
6 Reserve for directors' bonuses	-		23,860		-	
7 Others	1,618,597		2,727,072		2,767,339	
II. Long-term liabilities	4,536,952	13.7	4,112,027	10.0	3,686,844	9.3
1 Long-term debt	2,000,000		213,449		259,622	
2 Deferred tax liabilities	-		1,623,704		1,108,061	
3 Deferred tax liabilities due to revaluation	329,263		186,834		186,834	
4 Reserve for employees' retirement benefits	1,924,664		1,719,045		1,836,078	
5 Reserve for directors' retirement allowances	120,954		154,364		130,424	
6 Others	162,071		214,629		165,823	
Total liabilities	14,779,037	44.6	23,365,527	56.8	21,685,206	54.6
[MINORITY INTEREST IN CONSOLIDATED COMPANIES]	26,317	0.1	-	-	28,146	0.1
[SHAREHOLDERS' EQUITY]						
I Common stock	2,941,025	8.9	-	-	2,946,516	7.4
II Additional paid-in capital	2,803,150	8.5	-	-	2,809,555	7.1
III Retained earnings	13,021,572	39.4	-	-	12,803,687	32.3
IV Revaluation account for land	479,737	1.4	-	-	272,218	0.7
V Unrealized gains or losses on other securities	559,358	1.7	-	-	355,353	0.9
VI Foreign currency translation adjustments	-1,018,856	-3.1	-	-	-738,166	-1.9
VII Treasury stock	-489,127	-1.5	-	-	-489,904	-1.2
Total shareholders' equity	18,296,859	55.3	-	-	17,959,259	45.3
Total liabilities, minority interest in consolidated companies and shareholders' equity	33,102,214	100.0	-	-	39,672,612	100.0

(Thousands of yen)

	FY2006/3		FY2007/3		FY2006/3	
	First Half		First Half		As of March 31, 2006	
	As of September 30, 2005		As of September 30, 2006			
[NET ASSETS]						
I. Shareholders' equity			17,624,891	42.8		
1 Common stock	-	-	2,949,044	7.2	-	-
2 Additional paid-in capital	-	-	2,812,076	6.8	-	-
3 Retained earnings	-	-	12,356,443	30.0	-	-
4 Treasury stock	-	-	-492,672	-1.2	-	-
II. Revaluation and translation difference	-	-	138,500	0.4	-	-
1 Unrealized gains or losses on other securities	-	-	271,244	0.7	-	-
2 Revaluation account for land	-	-	272,218	0.7	-	-
3 Foreign currency translation adjustments	-	-	-404,962	-1.0	-	-
III. Minority Interest in Consolidated Companies	-	-	26,997	0.0	-	-
Total net assets	-	-	17,790,389	43.2	-	-
Total liabilities and net assets	-	-	41,155,917	100.0	-	-

Interim Consolidated Statements of Income

(Thousands of yen)

	FY2006/3 First Half (From April 1, 2005 to September 30, 2005)		FY2007/3 First Half (From April 1, 2006 to September 30, 2006)		FY2006/3 (From April 1, 2005 to March 31, 2006)	
		%		%		%
I. Net sales	16,204,531	100.0	25,098,553	100.0	39,441,676	100.0
II. Cost of sales	11,701,696	72.2	17,246,153	68.7	28,294,696	71.7
Gross profit	4,502,835	27.8	7,852,400	31.3	11,146,979	28.3
III. Selling, general and administrative expenses	3,663,708	22.6	7,875,939	31.4	9,309,821	23.6
Operating income (loss)	839,126	5.2	-23,538	-0.1	1,837,158	4.7
IV. Non-operating income	125,420	0.8	127,575	0.5	285,541	0.7
1 Interest income	24,204		27,422		50,373	
2 Dividend income	9,494		20,805		17,401	
3 Foreign exchange gains	21,049		-		49,337	
4 Dormitory income	19,957		19,450		38,382	
5 Others	50,715		59,896		130,046	
V. Non-operating expenses	45,994	0.3	167,925	0.7	110,121	0.3
1 Interest payment	29,241		68,970		80,355	
2 Provision of allowance for doubtful accounts	209		862		1,321	
3 Foreign exchange losses	-		85,295		-	
4 Others	16,543		12,797		28,445	
Ordinary income (loss)	918,552	5.7	-63,888	-0.3	2,012,577	5.1
VI. Extraordinary income	13,800	0.1	313,749	1.3	1,017,649	2.6
1 Revised profit carried from previous term	10,343		-		44,235	
2 Gain on sales of fixed assets	3,181		304,608		4,861	
3 Reversal of allowance for doubtful accounts	-		1,340		4,409	
4 Others	274		7,799		964,143	
VII. Extraordinary losses	423,311	2.7	76,977	0.3	1,312,603	3.3
1 Revised loss carried from previous term	-		8,022		-	
2 Loss on sales of fixed assets	188,107		-		300,699	
3 Loss on disposal of fixed assets	40,994		29,934		55,371	
4 Loss due to impairment	183,173		-		894,851	
5 Loss on valuation of investment securities	11,035		1,328		11,035	
6 Loss on disposal of inventories	-		15,698		-	
7 Special retirement benefit at consolidated subsidiary	-		18,120		-	
8 Others	-		3,872		50,645	
Net income before taxes and other adjustments	509,041	3.1	172,882	0.7	1,717,624	4.4
Corporate, inhabitant and enterprise taxes	111,472		322,546		310,339	
Adjustment of corporate taxes	202,572		169,134	2.0	1,524,854	
Minority interest in income (loss) of consolidated companies	1,199	0.0	-1,747	-0.0	1,542	0.0
Net income (loss)	193,797	1.2	-317,050	-1.3	-119,112	-0.3

Interim Consolidated Statements of Retained Earnings

(Thousands of yen)

	FY2006/3 First Half (From April 1, 2005 to September 30, 2005)	FY2006/3 (From April 1, 2005 to March 31, 2006)
[ADDITIONAL PAID-IN CAPITAL]		
I. Additional paid-in capital at beginning of period	2,803,150	2,803,150
II. Increase of Additional paid-in capital	-	6,405
1. Gain on sales of treasury stock	-	928
2. Issuance of new shares due to execution of share warrant	-	5,476
III. Additional paid-in capital at end of period	2,803,150	2,809,555
[RETAINED EARNINGS]		
I. Retained earnings at beginning of period	12,955,307	12,955,307
II. Increase of retained earnings	193,797	207,518
1. Net income	193,797	-
2. Reversal of revaluation account for land	-	207,518
III. Decrease of retained earnings	127,531	359,138
1. Net loss	-	119,112
2. Dividends	107,616	215,220
2. Directors' bonuses	19,915	19,915
3. Staff and workers' welfare fund at subsidiaries	-	4,890
IV. Retained earnings at end of period	13,021,572	12,803,687

Interim Consolidated Statements of Changes in Shareholders' Equity (Summary)

(Thousands of yen)

FY2007/3 First Half (From April 1, 2006 to September 30, 2006)	Shareholders' Equity					Revaluation and Translation Difference			
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains or losses on other securities	Revaluation account for land	Foreign currency translation adjustments	Minority interest in consolidated subsidiaries
Balance as of March 31, 2006	2,946,516	2,809,555	12,803,687	-489,904	18,069,854	355,353	272,218	-738,166	28,146
Changes of items during the period									
Issuance of new shares	2,528	2,521			5,049				
Dividends from retained earnings*			-107,673		-107,673				
Directors' bonuses*			-22,520		-22,520				
Net loss			-317,050		-317,050				
Acquisition of treasury stock				-2,768	-2,768				
Changes of items except shareholders' equity during the period						-84,108	-	333,204	-1,148
Total changes of items during the period	2,528	2,521	-447,244	-2,768	-444,962	-84,108	-	333,204	-1,148
Balance as of September 30, 2006	2,949,044	2,812,076	12,356,443	-492,672	17,624,891	271,244	272,218	-404,962	26,997

*Profit appropriation matters resolved at the Ordinary General Meeting of Shareholders in June 2006

Interim Consolidated Statements of Cash Flows

(Thousands of yen)

	FY2006/3 First Half (From April 1, 2005 to September 30, 2005)	FY2007/3 First Half (From April 1, 2006 to September 30, 2006)	FY2006/3 (From April 1, 2005 to March 31, 2006)
I. Cash flows from operating activities			
Net income before taxes and other adjustments	509,041	172,882	1,717,624
Depreciation	488,100	743,158	1,097,641
Impairment losses	183,173	-	894,851
Amortization of consolidated adjustment account	-	-	727,542
Amortization of goodwill	-	1,455,085	-
Increase (decrease) in other allowances	-6,427	75,664	2,830
Interest and dividend income	-33,698	48,228	-67,774
Interest expenses	29,241	68,970	80,355
Foreign exchange gains (losses)	-6,525	-5,479	-43,208
Loss on valuation of investment securities	11,035	1,328	11,035
Gain (loss) on disposal and sales of fixed assets	225,920	-283,124	349,097
Decrease (increase) in notes and accounts receivable	-1,436,776	-164,458	-845,647
Decrease (increase) in inventories	-1,957,387	1,843,039	-1,455,370
Increase (decrease) in notes and accounts payable	1,511,730	-133,679	1,036,994
Others	-150,864	129,687	-1,275,460
Sub-total	-633,437	168,767	2,230,510
Interest and dividend income	33,692	48,795	67,428
Interest expenses	-29,100	-68,671	-80,145
Income tax and others	-147,463	-282,521	-215,989
Net cash provided by operating activities	-776,308	-133,630	2,001,804

(Thousands of yen)

	FY2006/3 First Half (From April 1, 2005 to September 30, 2005)	FY2007/3 First Half (From April 1, 2006 to September 30, 2006)	FY2006/3 (From April 1, 2005 to March 31, 2006)
II. Cash flows from investing activities			
Proceeds from withdrawal of time deposits	-	10,000	-
Payments for acquisition of tangible fixed assets	-517,425	-522,902	884,231
Proceeds from sales of tangible fixed assets	55,297	848,882	127,562
Payments for acquisition of intangible fixed assets	-62,612	-108,773	95,190
Others	-21,695	1,795	5,546,809
Net cash used in investing activities	-546,435	229,002	6,398,668
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	534,313	1,079,514	4,222,374
Payments for long-term debt	-30,000	-45,000	-75,000
Proceeds from issuance of stocks	-	5,049	10,968
Payments for purchase of treasury stock	-3,596	-2,768	-3,446
Dividends paid	-107,616	-107,673	-215,221
Net cash provided by financing activities	393,101	929,122	3,939,675
IV. Effect of exchange rate changes on cash and cash equivalents	131,337	108,930	246,586
V. Increase (decrease) in cash and cash equivalents	-798,305	1,133,424	-210,603
VI. Cash and cash equivalents at beginning of period	4,409,645	4,199,042	4,409,645
VII. Cash and cash equivalents at end of period	3,611,340	5,332,466	4,199,042