

Financial Results for FY2007/3 (April 1, 2006 to March 31, 2007)

May 14, 2007

Company: Densei-Lambda K.K.
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Date of Ordinary General Meeting of Shareholders: June 26, 2007

Start date of dividend payment: June 27, 2007

Submission date of financial statements: June 27, 2007

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

(1) Consolidated financial results

Figures in bracket refer to year-on-year percentage change.

	Net sales	Operating income	Ordinary income	Net income
	JPY million	JPY million	JPY million	JPY million
March 2007	53,936 (36.8%)	912 (- 50.4%)	861 (- 57.2%)	- 860 (-- %)
March 2006	39,441 (15.6%)	1,837 (- 7.6%)	2,012 (- 6.6%)	- 119 (-- %)

	Net income per share	Net income per share, fully diluted	Net income to shareholders' equity	Ordinary income to total assets	Operating income margin
	JPY	JPY	%	%	%
March 2007	- 39.93	--	- 4.8	2.1	1.7
March 2006	- 6.46	--	- 0.7	5.7	4.7

(Reference) Investment profit/loss on equity method March 2007: -- million yen March 2006: -- million yen

(2) Consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	JPY million	JPY million	%	JPY
March 2007	43,086	17,691	41.0	819.93
March 2006	39,672	17,959	45.3	833.96

(Reference) Shareholders' equity March 2007: 17,664 million yen March 2006: -- million yen

(3) Consolidated statement 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
March 2007	- 1,158	- 1,350	2,688	4,499
March 2006	2,001	- 6,398	3,939	4,199

2. Dividends

	Dividend per share (JPY)			Total amount of dividends per year (JPY million)	Dividend payout ratio (Consolidated)	Dividend ratio to shareholders' equity (Consolidated)
	Interim	Year-end	Full-year			
FY2006/3	5.00	5.00	10.00	215	--	1.2%
FY2007/3	5.00	5.00	10.00	215	--	1.2%
FY2008/3 (Forecast)	5.00	5.00	10.00		10.8	

3. Consolidated financial results forecast for FY2008/3 (April 1, 2007 to March 31, 2008)

Figures in bracket refer to year-on-year percentage change.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	JPY million	JPY million	JPY million	JPY million	JPY million
Interim	25,500 (1.6%)	1,100 (-- %)	1,100 (-- %)	600 (-- %)	27.86
Full year	56,000 (3.8%)	4,300 (371.5%)	4,100 (375.8%)	2,000 (-- %)	92.85

4. Others

(1) Change in material subsidiaries (change of specific subsidiary with change in scope of consolidation): No

(2) Change in accounting procedure such as principle, proceeding and notation in preparing consolidated financial statements

a) Change associated with revision of accounting standards, etc.: Yes

b) Changes other than a)

(3) Number of shares issued (common stock)

a) Number of shares outstanding at end of term (including treasury stock):

March 2007: 21,830,110 shares March 2006: 21,818,210 shares

b) Number of treasury stocks at end of term:

March 2007: 286,598 shares March 2006: 283,414 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for FY2007/3 (April 1, 2006 to March 31, 2007)

(3) Non-consolidated financial results

Figures in bracket refer to year-on-year percentage change.

	Net sales	Operating income	Ordinary income	Net income
	JPY million	JPY million	JPY million	JPY million
March 2007	33,034 (6.0%)	1,015 (-39.4%)	1,599 (-31.1%)	1,087 (68.3%)
March 2006	31,162 (4.0%)	1,674 (303.4%)	2,012 (40.0%)	646 (-17.1%)

	Net income per share	Net income per share, fully diluted
	JPY	JPY
March 2007	50.49	50.39
March 2006	29.09	29.03

(2) Non-consolidated financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	JPY million	JPY million	%	JPY
March 2007	35,512	16,223	45.7	753.04
March 2006	33,028	15,264	46.2	708.83

(Reference) Shareholders' equity March 2007: 16,223 million yen March 2006: -- million yen

(3) Non-consolidated financial results forecast for FY2008/3 (April 1, 2007 to March 31, 2008)

Figures in bracket refer to year-on-year percentage change.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	JPY million	JPY million	JPY million	JPY million	JPY million
Interim	15,300 (1.2%)	200 (-20.3%)	300 (1.9%)	200 (-31.3%)	9.28
Full year	35,000 (5.9%)	2,100 (106.9%)	2,250 (40.7%)	900 (-17.2%)	41.78

*Forecasts in the statements are 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.

1. Business Results

(1) Analysis of Business Results

[1] Business results for the fiscal year in review

The Japanese economy enjoyed continued growth in exports during the consolidated fiscal year in review, doing so on the back of expanding overseas economies, and also benefited from an increase in capital spending due mainly to higher corporate earnings and improved demand in the private sector. However, personal spending remained flat in general, although consumers, encouraged by an improving employment situation, clearly began spending more money. All in all, the economy maintained a gradual path toward recovery.

Although companies in the IT market and related areas adjusted inventories during the second half of the year, the electronics industry enjoyed strong results overall, despite certain sectors doing better while other sectors showed some weakness.

Given the economic environment, the Densei-Lambda Group stepped up its ties with the TDK Group and endeavored to achieve maximum synergies while expanding our business.

- As a member of the TDK Group, we have worked to improve our mutual system of product supply-and-production, drive joint-development projects and implement other measures toward building an optimal power-supply business structure. In the consolidated fiscal year in review, we integrated the sales channels, carried out the joint development of noise filters for power lines, and consolidated the quality systems of the two groups.
- In the area of switching power supplies (SPS), we integrated the sales channels of TDK Corporation and those of the Densei-Lambda Group in Japan. Under the integrated sales network combining the resources of both companies, we began cross-selling TDK-Lambda brand products. Along with this sales channel restructuring, we also continued to focus on obtaining new customers and markets.
- Overseas, we have strategically marketed our products in the medical, communications, factory automation (FA), display, computer and other markets by understanding the specific needs of each market, and implemented promotional campaigns targeting a select group of customers. As a result we were able to land large orders and reap other benefits. The positive results are gradually manifesting themselves in our bottom line, and we are now in the stage of applying the know-how gained through these successes to other business operations.
- Regarding uninterruptible power systems (UPS), we have actively approached broadcasters amid the spread of digital terrestrial broadcasting throughout Japan and stepped up our solution-proposal-based system for sales, targeting small-scale relay stations. Efforts have also been made to tap upgrade/replacement demand on the back of an improving economy. Additionally, we have promoted sales collaborations with other companies while setting up a repair center as our maintenance service hub, doing so as a means to provide better service in terms of shorter delivery time and higher quality.
- We have also continued to drive manufacturing reform initiative to improve our production efficiency. We have accelerated production shifts and the localization of part/material sourcing to reduce costs and shorten production lead times in order to improve the balance of operating loads among factories and build an optimal production system.
- To integrate our quality system with that of TDK Corporation, and for the sake of enhanced customer satisfaction, we have opened the new TDK-Lambda Service Center and established an organizational structure for the centralized management of maintenance services for SPS products from both groups. Moreover, we have launched an initiative to consolidate our quality system with those of the European and U.S. Lambda group companies.

As a result of the above efforts, the Group recorded 53,936 million yen in consolidated sales (up 36.8% from the previous consolidated fiscal year), due partly to the year-round contributions from European and U.S. Lambda group companies, and partly to the strong growth of SPS business in overseas markets. However, the amortization of goodwill associated with the acquisition of European and U.S. Lambda group companies suppressed the ordinary income to 861 million yen (down 57.2%). Despite extraordinary income from the sale of idle land in Tsukuba, the loss on disposal of inventories and increased tax expenses led to a net loss of 860 million yen (compared to a net loss of 119 million yen during the previous consolidated fiscal year).

Examining the results by product category, SPS sales rose to 46,121 million yen (up 44.0% from the previous consolidated fiscal year).

In Japan, our business results in the semiconductor and communication markets slowed suddenly during the second half of the year as customers adjusted their production outputs. However, a focused effort--continuing from the first half--to develop new customers and win the business of customers from rival companies offset the temporary weakness, producing a slight increase in the final domestic sales figure.

On the other hand, sales in our focus markets in the U.S. and Europe have continued to grow. In Asia, demand also increased in the communications sectors in China and South Korea, and sales of semi-custom power supplies have also grown in the region. Additionally, we landed a big new account in Israel, while other positive factors contributed to steady business growth overseas.

UPS sales reached 7,815 million yen (up 5.6%). The overall UPS market is seeing growing demand amid the backdrop of economic recovery. For example, the growth of digital terrestrial broadcasting in Japan has boosted the sales of UPS and engine generators (EGs) for emergency in the broadcasting market. Driven by the demand for upgrading and replacement, the sales of medium- and large-size UPS products have grown also. Moreover, we have experienced increased sales of compact EG models for use in disaster-prevention systems. Although income from maintenance services fell slightly as customers adjusted their maintenance plans, overall there was positive growth in our UPS sales.

[2] Outlook for the next fiscal year

Looking ahead, concerns over a possible slowdown in the U.S. economy and inventory adjustments in the IT market and related areas may cause the Japanese economy to decelerate temporarily. However, the recovery trend should continue with firm support provided by private-sector demand, as we expect consumer spending to increase gradually with the help of higher corporate earnings, a stronger labor market and higher wages.

Given the above prognosis--particularly in consideration of our rising overseas sales in Europe and the U.S., as well as completion of amortization of goodwill--we project the following business results for the next fiscal year:

Sales	56,000 million yen	(up 3.8% from the previous fiscal year)
Operating income	4,300 million yen	(up 371.5% from the previous fiscal year)
Ordinary income	4,100 million yen	(up 375.8% from the previous fiscal year)
Net income	2,000 million yen	(year-on-year comparison not available)

(2) Analysis of Financial Condition

[1] Conditions of assets, liabilities and net assets

Total assets increased to 43,086 million yen, posting an increase of 3,413 million yen compared to the previous consolidated fiscal year. A key factor behind such asset growth is a significant increase in current assets, such as trade receivables and inventory, which served to offset the decrease in intangible fixed assets resulting from the amortization of goodwill.

Liabilities grew by 3,709 million yen over the previous consolidated fiscal year to reach 25,395 million yen. The primary reasons for this change include an increase in current liabilities due to increased short-term borrowing.

Net assets shrunk by 295 million yen compared to the previous consolidated fiscal year, dropping to 17,691 million yen mainly as a result of the decrease in retained earnings.

[2] Cash-flow conditions

Cash and cash equivalent (hereinafter referred to as “cash”) in the consolidated fiscal year in review increased by 300 million yen from the end of the previous consolidated fiscal year to 4,499 million yen at the end of the current consolidated fiscal year, due mainly to a major shift in our strategy of fund procurement from using the traditional method of outside funding to financing through Group companies affiliated with the parent, and due to the active sales of idle fixed assets.

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

(Cash-flow from operating activities)

Net cash consumed by operating activities was 1,158 million yen (compared to 2,001 million yen generated during the previous consolidated fiscal year).

This is chiefly because the decreases in cash due mainly to increased trade receivables (3,876 million yen), increased inventory (832 million yen), decreased trade payable (715 million yen) and the payment of corporate taxes (546 million yen), exceeded the increases in cash owing to a net income before tax and other adjustments (460 million yen), depreciation expenses (1,499 million yen) and the amortization of goodwill (2,910 million yen).

(Cash-flow from investing activities)

Net cash resulting from investing activities was 1,350 million yen (down 78.9% from the previous consolidated fiscal year).

This is primarily because the expenses associated with the acquisition of tangible fixed assets (1,318 million yen) and intangible fixed assets (272 million yen), as well as expenses associated with payments into fixed deposit accounts (599 million yen), exceeded the income from sales of tangible fixed assets such as idle land (864 million yen).

(Cash-flow from financing activities)

Net cash resulting from financing activities was 2,688 million yen (down 31.8% from the previous consolidated fiscal year).

This is mainly due to the repayment of long-term debt through financing from Group companies affiliated with the parent. As a result, the net amount of short-term borrowing increased by 4,690 million yen.

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

	Fiscal year ended March 2003	Fiscal year ended March 2004	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007
Shareholders' equity ratio (%)	51.2	51.4	58.0	45.3	41.0
Shareholders' equity ratio based on market price (%)	36.5	58.4	68.9	109.7	84.3
Ratio of cash flow to liabilities with interest (%)	7.7	2.4	0.7	3.3	---
Interest coverage ratio (times)	6.1	15.4	51.4	25.0	---

- * Shareholders' equity ratio: Shareholders' equity / Total assets
 Shareholders' equity ratio based on market price: Total market value of outstanding shares / Total assets
 Ratio of cash flow to interest-bearing liabilities: Interest-bearing liabilities/ 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 liabilities cover all debts recorded on the consolidated balance sheet that are subject to interest payments. Interest-payment expenses indicate the amount of interest expenses on the consolidated statements of cash flows.
4. The ratio of cash flow to interest-bearing liabilities and the interest coverage ratio are not provided for the fiscal year ended March 2007 because the cash flow from operating activities was negative for the year.

[3] Basic profit-appropriation policy and dividends for the current and next fiscal years

We at Densai-Lambda believe that an increase in shareholders' equity, which will allow further investments in the future, will lead to lasting business growth and ultimately serve the interests of our shareholders.

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 as well as research and development.

Based on the above basic policy of profit appropriation, we have decided to pay a year-end dividend of five (5) yen per share for the current fiscal year. Combined with the interim dividend of five yen per share paid last December, the full-year dividend will become ten (10) yen per share.

We plan to pay a full-year dividend of ten (10) yen per share (including an interim dividend of five yen and year-end dividend of five yen) in keeping with our basic policy of profit appropriation.

2. Condition of the Group

This section is omitted because there is no material change in the descriptions under “Business Diagram (Lines of Business)” and “Condition of Affiliates” provided in our most recent financial report (submitted on June 23, 2006).

3. Management Policies

- (1) Principle Management Policies
- (2) Target Management Indicators
- (3) Medium- and Long-Term Management Strategies

These sections are omitted because there is no material change in the corresponding descriptions provided in our financial report for the interim period ended March 2007 (published on October 27, 2006).

The aforementioned financial report for the applicable interim period can be accessed from the following URLs:

(Densei-Lambda website)

<http://www.densei-lambda.com/>

(Tokyo Stock Exchange website (search page for listed companies)...only in Japanese)

<http://www.tse.or.jp/listing/compsearch/index.html>

- (4) Issues the Company Faces

The Densei-Lambda Group will strive to address the following issues:

- We will seek deeper collaboration and integration between the TDK Group and Densei-Lambda Group in the areas of business strengths, core technologies, know-how and the global sales network and production system, and will thereby establish an optimal infrastructure for the power-supply business.
- We will make new operation rules for the Densei-Lambda Group by reflecting the new capital structure and accelerating globalization of our operations, doing so while improving and expanding our training and education programs in order to foster a corporate culture based on mutual trust.
- In the area of SPS, we will restructure our sales system and enhance our collaboration with agents while focusing on the development of new customers and markets. We will also apply the know-how gained from successful case histories to land more large accounts, and will provide worldwide services for multinational corporations that conduct business on a global scale.
- Regarding UPS, we will seek business partnerships with other companies while stepping up the sales function as well as the sales-support function (including consultation) in order to expand the mutual system of product supply and increase our sales. We will also actively tap the demand for system upgrading and replacement on the back of the improving economy, and will seek business opportunities in the digital terrestrial broadcasting market.
- We will anticipate the market trends in communications, IT, factory automation and core industry sectors to develop competitive products that can answer the needs of the global market. Moreover, we will stress advanced technology development and promote joint research projects in order to offer new technologies and value-added products.
- Additionally, we will continue to implement manufacturing reform initiative for the sake of enhanced production efficiency. We will also drive cost reduction and shorten the lead time by actively using locally made parts and materials at our overseas factory operations, doing so while driving the effort to improve our comprehensive resources and strengths as a manufacturing

group.

- Densei-Lambda, as a company always 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 protecting the global environment.

Consolidated Balance Sheets

(Thousands of yen)

	FY2006/3		FY2007/3		Change
	As of March 31, 2006		As of March 31, 2007		
[ASSETS]		%		%	
I. Current assets	25,420,558	64.1	31,829,555	73.9	6,408,996
1 Cash and deposits	4,209,042		5,098,494		
2 Notes and accounts receivable-trade	12,873,335		17,185,501		
3 Inventories	7,156,941		8,219,371		
4 Deferred tax assets	563,422		709,353		
5 Others	714,835		736,165		
6 Allowance for doubtful accounts	-97,018		-119,330		
II. Fixed assets	14,252,053	35.9	11,257,029	26.1	-2,995,023
1 Tangible fixed assets	9,185,784	23.1	8,979,950	20.8	-205,833
1) Buildings and structures	1,725,807		1,810,460		
2) Machinery and delivery equipment	3,565,559		3,846,425		
3) Land	3,070,326		2,556,523		
4) Others	824,091		766,541		
2 Intangible fixed assets	3,992,854	10.1	1,017,876	2.4	-2,974,977
1) Consolidated adjustment account	2,910,169		-		
2) Others	1,082,684		1,017,876		
3 Investments and other assets	1,073,415	2.7	1,259,202	2.9	185,787
1) Investment securities	685,054		860,767		
2) Deferred tax assets	54,132		11,391		
3) Others	371,808		401,660		
4) Allowance for doubtful accounts	-37,579		-14,615		
Total assets	39,672,612	100.0	43,086,585	100.0	3,413,972

	FY2006/3		FY2007/3		Change
	As of March 31, 2006		As of March 31, 2007		
		%		%	
[LIABILITIES]					
I. Current liabilities	17,998,362	45.3	21,037,388	48.8	3,039,025
1 Notes and accounts payable-trade	7,967,800		7,543,786		
2 Short-term borrowings	4,469,210		9,160,025		
3 Current portion of long-term debt	1,792,213		92,437		
4 Income taxes payable	241,100		501,840		
5 Reserve for bonuses	760,698		867,597		
6 Reserve for directors' bonuses	-		25,920		
7 Others	2,767,339		2,845,781		
II. Long-term liabilities	3,686,844	9.3	4,357,734	10.1	670,889
1 Long-term debt	259,622		167,208		
2 Deferred tax liabilities	1,108,061		2,055,331		
3 Deferred tax liabilities due to revaluation	186,834		186,834		
4 Reserve for employees' retirement benefits	1,836,078		1,611,246		
5 Reserve for directors' retirement allowances	130,424		171,904		
6 Others	165,823		165,209		
Total liabilities	21,685,206	54.6	25,395,122	58.9	3,709,915
[MINORITY INTEREST IN INCOME (LOSS) OF CONSOLIDATED COMPANIES]					
Minority interest in income (loss) of consolidated companies	28,146	0.1	-	-	-28,146
[SHAREHOLDERS' EQUITY]					
I Common stock	2,946,516	7.4	-	-	-2,946,516
II Capital reserves	2,809,555	7.1	-	-	-2,809,555
III Retained earnings	12,803,687	32.3	-	-	-12,803,687
IV Revaluation account for land	272,218	0.7	-	-	-272,218
V Unrealized gains or losses on other securities	355,353	0.9	-	-	-355,353
VI Foreign currency translation adjustments	-738,166	-1.9	-	-	738,166
VII Treasury stock	-489,904	-1.2	-	-	489,904
Total shareholders' equity	17,959,259	45.3	-	-	-17,959,259
Total liabilities, minority interest and shareholders' equity	39,672,612	100.0	-	-	-39,672,612

[NET ASSETS]					
I. Shareholders' equity	-	-	16,967,642	39.4	16,967,642
1 Common stock	-	-	2,951,216	6.9	2,951,216
2 Capital reserves	-	-	2,814,553	6.5	2,814,553
3 Retained earnings	-	-	11,698,161	27.2	11,698,161
4 Treasury stock	-	-	-496,289	-1.2	-496,289
II. Revaluation and translation difference	-	-	696,600	1.6	696,600
1 Unrealized gains or losses on other securities	-	-	463,471	1.1	463,471
2 Revaluation account for land	-	-	272,218	0.6	272,218
3 Foreign currency translation adjustments	-	-	-39,089	-0.1	-39,089
III. Minority interest in income (loss) of consolidated companies	-	-	27,219	0.1	27,219
Total net assets	-	-	17,691,462	41.1	17,691,462
Total liabilities and net assets	-	-	43,086,585	100.0	43,086,585

Consolidated Statements of Income

(Thousands of yen)

	FY2006/3		FY2007/3		Change
	(From April 1, 2005 to March 31, 2006)		(From April 1, 2006 to March 31, 2007)		
I. Net sales	39,441,676	100.0	53,936,821	100.0	14,495,145
II. Cost of goods sold	28,294,696	71.7	36,811,314	68.2	8,516,618
Gross profit on sales	11,146,979	28.3	17,125,506	31.8	5,978,527
III. Selling, general and administrative expenses	9,309,821	23.6	16,213,463	30.1	6,903,642
Operating income	1,837,158	4.7	912,043	1.7	-925,114
IV. Non-operating income	285,541	0.7	245,408	0.5	-40,133
1 Interest income	50,373		69,523		
2 Dividend income	17,401		21,334		
3 Foreign exchange gains	49,337		-		
4 Dormitory income	38,382		38,098		
5 Others	130,046		116,453		
V. Non-operating expenses	110,121	0.3	295,672	0.6	185,550
1 Interest payment	80,355		155,901		
2 Foreign exchange losses	-		117,688		
3 Reversal of allowance for doubtful accounts	1,321		288		
4 Others	28,445		21,793		
Ordinary income	2,012,577	5.1	861,779	1.6	-1,150,798
VI. Extraordinary income	1,017,649	2.6	348,892	0.7	-668,757
1 Revised profit carried from previous term	44,235		-		
2 Gain on sales of fixed assets	4,861		305,502		
3 Gain on sales of investment securities	964,143		-		
4 Reversal of allowance for doubtful accounts	4,409		385		
5 Legal settlement receipt	-		35,205		
6 Others	-		7,799		
VII. Extraordinary losses	1,312,603	3.3	750,485	1.4	-562,118
1 Revised loss carried from previous term	-		32,862		
2 Loss on sales of fixed assets	300,699		3,857		
3 Loss on disposal of fixed assets	55,371		129,967		
4 Impairment loss	894,851		-		
5 Loss on valuation of investment securities	11,035		228		
6 Loss on disposal of inventories	-		547,420		
7 Others	50,645		36,150		
Income before taxes and other adjustments	1,717,624	4.4	460,186	0.9	-1,257,437
Corporate, inhabitant and enterprise taxes	310,339	0.8	805,266	1.5	494,926
Corporate tax refunded	1,524,854	3.9	517,725	1.0	-1,007,129
Minority interest in income (loss) of consolidated companies	1,542	0.0	-2,766	0.0	-4,308
Net loss for the term	-119,112	-0.3	860,038	-1.6	-740,925

Consolidated Statements of Retained Earnings

(Thousands of yen)

	FY2006/3 (From April 1, 2005 to March 31, 2006)
[CAPITAL RESERVES]	
I. Capital reserves, beginning of term	2,803,150
II. Increase of capital reserves	6,405
1 Gain on disposal of treasury stock	928
2 Issue of new shares for execution of right	5,476
III. Capital reserves, end of term	2,809,555
[RETAINED EARNINGS]	
I. Retained earnings, beginning of term	12,955,307
II. Increase of retained earnings	207,518
1 Reversal of revaluation account for land	207,518
III. Decrease of retained earnings	359,138
1 Net loss for the term	119,112
2 Dividends	215,220
3 Reserve for directors' bonuses	19,915
4 Employee incentive welfare fund at consolidated subsidiaries	4,890
IV. Retained earnings, end of term	12,803,687

Consolidated Statements of Changes in Shareholders' Equity

(Thousands of yen)

FY2007/3 (From April 1, 2006 to March 31, 2007)	Shareholders' Equity				
	Common stock	Capital reserves	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	2,946,516	2,809,555	12,803,687	-489,904	18,069,854
Changed amount during the term					
Issuance of new shares	4,700	4,688			9,389
Dividends from retained earnings*			-107,673		-107,673
Dividends from retained earnings			-107,698		-107,698
Directors' bonuses*			-22,520		-22,520
Net loss for the term			-860,038		-860,038
Acquisition of treasury stock				-7,891	-7,891
Disposal of treasury stock		309		1,507	1,817
Employee incentive welfare fund			-7,595		-7,595
Net changed amount except shareholders' equity during the term					
Total changed amount during the term	4,700	4,998	-1,105,525	-6,384	-1,102,211
Balance as of March 31, 2007	2,951,216	2,814,553	11,698,161	-496,289	16,967,642

(Thousands of yen)

FY2007/3 (From April 1, 2006 to March 31, 2007)	Revaluation and Translation Difference, etc.				Minority interest in income (loss) of consolidated companies	Total net assets
	Unrealized gains or losses on other securities	Revaluation account for land	Foreign currency translation adjustments	Total revaluation and translation difference, etc.		
Balance as of March 31, 2006	355,353	272,218	-738,166	-110,595	28,146	17,987,405
Changed amount during the term						
Issuance of new shares						9,389
Dividends from retained earnings*						-107,673
Dividends from retained earnings						-107,698
Directors' bonuses*						-22,520
Net loss for the term						-860,038
Acquisition of treasury stock						-7,891
Disposal of treasury stock						1,817
Employee incentive welfare fund						-7,595
Net changed amount except shareholders' equity during the term	108,118	-	699,077	807,195	-927	806,268
Total changed amount during the term	108,118	-	699,077	807,195	-927	-295,943
Balance as of March 31, 2007	463,471	272,218	-39,089	696,600	27,219	17,691,462

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

Consolidated Statements of Cash Flows

(Thousands of yen)

	FY2006/3 (From April 1, 2005 to March 31, 2006)	FY2007/3 (From April 1, 2006 to March 31, 2007)	Change
I. Cash flows from operating activities			
Net income before taxes and other adjustments	1,717,624	460,186	
Depreciation	1,097,641	1,499,272	
Impairment loss	894,851	-	
Amortization of consolidation adjustment account	727,542	-	
Amortization of goodwill	-	2,910,169	
Increase (decrease) in other allowances	2,830	-41,690	
Interest and dividend income	-67,774	-90,857	
Interest expenses	80,355	155,901	
Foreign exchange gains (losses)	-43,208	16,504	
Loss on valuation of investment securities	11,035	228	
Gain on sales of investment securities	-964,143	-	
Loss (gain) on disposal and sales of fixed assets	349,097	-180,128	
Decrease (increase) in trade receivables	-845,647	-3,876,649	
Decrease (increase) in inventory	-1,455,370	-832,178	
Increase (decrease) in trade payable	1,036,994	-715,853	
Others	-311,317	149,921	
Sub-total	2,230,510	-545,174	-2,775,684
Interest and dividend income	67,428	91,424	
Interest expenses	-80,145	-158,365	
Income tax and others	-215,989	-546,714	
Net cash provided by (used in) operating activities	2,001,804	-1,158,829	-3,160,633

(Thousands of yen)

	FY2006/3 (From April 1, 2005 to March 31, 2006)	FY2007/3 (From April 1, 2006 to March 31, 2007)	Change
II. Cash flows from investing activities			
Payments for fixed deposit	-	-599,811	
Payments for acquisition of tangible fixed assets	-884,231	-1,318,421	
Proceeds from sales of tangible fixed assets	127,562	864,191	
Payments for acquisition of intangible fixed assets	-95,190	-272,857	
Payments for investment in securities	-	-3,150	
Proceeds from sales of investment securities	1,824,612	-	
Payments for acquisition of shares of subsidiaries with change in scope of consolidation	-7,399,278	-	
Payments for other investments	-57,862	-70,566	
Proceeds from other investments	85,719	49,904	
Net cash used in (provided by) investing activities	-6,398,668	-1,350,710	5,047,958
III. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	4,222,374	4,690,815	
Payments for long-term debt	-75,000	-1,790,000	
Proceeds from issue of shares	10,968	9,389	
Payments for purchase of treasury stock	-3,446	-7,891	
Proceeds from sales of treasury stock	-	1,817	
Dividends paid	-215,221	-215,371	
Net cash provided by (used in) financing activities	3,939,675	2,688,759	-1,250,916
IV. Effect of exchange rate changes on cash and cash equivalents	246,586	121,621	-124,965
V. Increase (decrease) in cash and cash equivalents	-210,603	300,841	511,444
VI. Cash and cash equivalents at beginning of term	4,409,645	4,199,042	-210,603
VII. Cash and cash equivalents at end of term	4,199,042	4,499,883	300,841