NOF CORPORATION

Consolidated Financial Statements

For the years ended March 31, 2005 and 2006

ChuoAoyama PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

Kasumigaseki Bldg. 32nd Floor
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Report of Independent Auditors

To the Board of Directors and Shareholders of NOF CORPORATION

We have audited the accompanying consolidated balance sheets of NOF CORPORATION and its subsidiaries as of March 31, 2005 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NOF CORPORATION and its subsidiaries as of March 31, 2005 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2, effective for the year ended March 31, 2006, NOF CORPORATION and its subsidiaries adopted new accounting standards entitled "Statement of Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets" and "Application Guidance on Accounting Standards for Impairment of Fixed Assets".

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Tokyo, Japan
June 29, 2006

NOF CORPORATION and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2005 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
ASSETS			
Current assets:			
Cash and time deposits (Note 4)	¥ 9,942	¥ 8,888	$ 75,660
Notes and accounts receivable	33,703	29,784	253,548
Allowance for bad debts	(94)	(72)	(617)
	33,609	29,712	252,931
Inventories	20,834	21,443	182,539
Deferred tax assets (Note 10)	2,079	2,033	17,307
Other current assets (Note 5)	4,265	6,901	58,752
Total current assets	70,729	68,977	587,189
Property, plant and equipment (Note 6):			
Land	20,124	19,529	166,251
Buildings and structures	50,770	51,728	440,353
Machinery and equipment	79,378	80,290	683,496
Construction in progress	1,533	1,702	14,488
Others	11,792	12,177	103,657
Accumulated depreciation	(103,921)	(105,629)	(899,204)
	59,676	59,797	509,041
Investments and other assets:			
Investments in securities (Note 5)	38,474	51,472	438,169
Deferred tax assets (Note 10)	957	1,175	10,006
Intangible assets	1,775	3,103	26,417
Other assets (Note 11)	6,596	7,728	65,785
	47,802	63,478	540,377
Total assets	¥ 178,207	¥ 192,252	$ 1,636,607

The accompanying notes are an integral part of the statements.

NOF CORPORATION and Subsidiaries

Consolidated Balance Sheets
As of March 31, 2005 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans (Note 6)	¥ 6,896	¥ 5,015	$ 42,695
Current portion of long-term debts (Note 6)	8,165	9,684	82,440
Notes and accounts payable	22,505	22,312	189,941
Accrued expenses	6,600	5,884	50,087
Income taxes payable	2,090	2,540	21,623
Advances received	3,222	3,057	26,025
Other current liabilities (Note 10)	4,873	4,209	35,827
Total current liabilities	54,351	52,701	448,638
Long-term liabilities:			
Long-term debts (Note 6)	23,150	13,959	118,826
Deferred tax liabilities (Note 10)	11,891	18,736	159,494
Accrued pension and severance costs (Note 11)	3,309	3,492	29,727
Accrued retirement benefits to directors and corporate auditors	687	650	5,535
Other long-term liabilities	646	874	7,442
Total long-term liabilities	39,683	37,711	321,024
Minority interests	3,525	3,652	31,093
Contingent liabilities (Note 14)			
Shareholders' equity (Note 13):			
Common stock:			
Authorised:783,828,000 shares at March 31, 2005 and 2006			
Issued: 202,478,651 shares and 208,482,752 shares at March 31, 2005 and 2006	15,995	17,742	151,034
Capital surplus	13,377	15,696	133,615
Retained earnings	41,857	46,138	392,760
Unrealized gain on other securities	10,841	19,408	165,214
Foreign currency translation adjustments	(695)	(424)	(3,604)
Treasury stock	(727)	(372)	(3,167)
Total shareholders' equity	80,648	98,188	835,852
Total liabilities and shareholders' equity	¥ 178,207	¥ 192,252	$ 1,636,607

The accompanying notes are an integral part of the statements.

NOF CORPORATION and Subsidiaries

Consolidated Statements of Income
For the years ended March 31, 2005 and 2006

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Net sales	¥ 133,683	¥ 143,157	$ 1,218,672
Cost of sales (Notes 8 and 11)	98,625	104,078	886,003
Gross profit	35,058	39,079	332,669
Selling, general and administrative expenses (Notes 7, 8 and 11)	26,753	27,937	237,823
Operating income	8,305	11,142	94,846
Other income (Expenses):			
Interest and dividend income	423	570	4,856
Interest expenses	(587)	(434)	(3,698)
Gain on sale of properties	548	431	3,673
Loss on disposal of properties	(153)	(152)	(1,291)
Loss on disposal of obsolete inventory items	(254)	(159)	(1,349)
Gain on sale of investments in securities	1,282	819	6,968
Loss on write-down of investments in securities	(3)	(5)	(44)
Equity in earnings of affiliates	300	144	1,224
Foreign exchange gain, net	18	272	2,317
Impairment loss on fixed assets (Note 9)	-	(665)	(5,663)
Environmental expenditures	-	(329)	(2,801)
China project expenditures	-	(168)	(1,433)
Gain on settlement of coatings business	3,773	-	-
Gain on settlement of the employee pension fund	1,252	-	-
Others, net	(524)	(57)	(484)
	6,075	267	2,275
Income before income taxes and minority interests in the earnings of consolidated subsidiaries	14,380	11,409	97,121
Income taxes (Note 10)			
Current	3,445	4,010	34,132
Deferred	2,555	756	6,437
	6,000	4,766	40,569
Minority interests in the earnings of consolidated subsidiaries	(212)	(186)	(1,585)
Net income	¥ 8,168	¥ 6,457	$ 54,967
	yen		U.S. dollars (Note 3)
Per share:			
Net income - primary	40.4	32.0	0.27
Net income - fully diluted	38.0	30.0	0.26
Cash dividends applicable to the year	8.0	9.0	0.08
	(thousands)		
Weighted average number of shares	200,582	199,438	

The accompanying notes are an integral part of the statements.

NOF CORPORATION and Subsidiaries

Consolidated Statements of Shareholders' Equity
For the years ended March 31, 2005 and 2006

	Number of shares of common stock (thousands)	Millions of yen						
		Common stock	Capital surplus	Retained earnings	Unrealized gain on other securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
Balance at March 31, 2004	202,479	¥ 15,995	¥ 13,381	¥ 34,965	¥ 9,514	¥ (817)	¥ (767)	¥ 72,271
Net income for the year ended March 31, 2005	-	-	-	8,168	-	-	-	8,168
Cash dividends	-	-	-	(1,204)	-	-	-	(1,204)
Bonuses to directors	-	-	-	(72)	-	-	-	(72)
Retirement of treasury stock	-	-	(4)	-	-	-	-	(4)
Unrealized gain on other securities	-	-	-	-	1,327	-	-	1,327
Adoption of new accounting standards	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	122	-	122
Change in treasury stock	-	-	-	-	-	-	40	40
Balance at March 31, 2005	202,479	¥ 15,995	¥ 13,377	¥ 41,857	¥ 10,841	¥ (695)	¥ (727)	¥ 80,648
Net income for the year ended March 31, 2006	-	-	-	6,457	-	-	-	6,457
Cash dividends	-	-	-	(1,606)	-	-	-	(1,606)
Bonuses to directors	-	-	-	(67)	-	-	-	(67)
Conversion of bonds into stock	6,004	1,747	1,741	-	-	-	3,558	7,046
Reissuance of treasury stock	-	-	578	-	-	-	-	578
Decrease in affiliates under the equity method	-	-	-	(503)	-	-	-	(503)
Unrealized gain on other securities	-	-	-	-	8,567	-	-	8,567
Foreign currency translation	-	-	-	-	-	271	-	271
Change in treasury stock	-	-	-	-	-	-	(3,203)	(3,203)
Balance at March 31, 2006	208,483	¥ 17,742	¥ 15,696	¥ 46,138	¥ 19,408	¥ (424)	¥ (372)	¥ 98,188

	Number of shares of common stock (thousands)	Thousands of U.S. dollars (Note 3)						
		Common stock	Capital surplus	Retained earnings	Unrealized gain on other securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
Balance at March 31, 2005	202,479	$ 136,161	$ 113,872	$ 356,323	$ 92,286	$ (5,910)	$ (6,186)	$ 686,546
Net income for the year ended March 31, 2006	-	-	-	54,967	-	-	-	54,967
Cash dividends	-	-	-	(13,669)	-	-	-	(13,669)
Bonuses to directors	-	-	-	(573)	-	-	-	(573)
Conversion of bonds into stock	6,004	14,873	14,822	-	-	-	30,286	59,981
Reissuance of treasury stock	-	-	4,921	-	-	-	-	4,921
Decrease in affiliates under the equity method	-	-	-	(4,288)	-	-	-	(4,288)
Unrealized gain on other securities	-	-	-	-	72,928	-	-	72,928
Foreign currency translation	-	-	-	-	-	2,306	-	2,306
Change in treasury stock	-	-	-	-	-	-	(27,267)	(27,267)
Balance at March 31, 2006	208,483	$ 151,034	$ 133,615	$ 392,760	$ 165,214	$ (3,604)	$ (3,167)	$ 835,852

The accompanying notes are an integral part of the statements.

NOF CORPORATION and Subsidiaries

Consolidated Statements of Cash Flows
For the years ended March 31, 2005 and 2006

	Millions of yen 2005	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2006
Cash flows from operating activities:			
Income before income taxes and minority interests in the earnings of consolidated subsidiaries	¥ 14,380	¥ 11,409	$ 97,121
Adjustments for:			
Depreciation	5,338	5,371	45,725
Amortization of excess costs of investments over equity in net assets	45	42	357
Net change in accrued pension and severance costs	(2,495)	(1,072)	(9,127)
Interest and dividend income	(423)	(570)	(4,856)
Interest expenses	588	434	3,698
Equity in earnings of affiliates	(300)	(144)	(1,224)
Gain on sale of properties	(548)	(431)	(3,673)
Loss on write-down of investments in securities	3	5	44
Gain on sale of investments in securities, net	(1,283)	(819)	(6,968)
Impairment loss on fixed assets	-	665	5,663
Environmental expenditures	-	329	2,801
Gain on settlement of coatings business	(3,773)	-	-
Increase (decrease) in notes and accounts receivable	(716)	3,952	33,646
Decrease in inventories	(788)	(516)	(4,391)
Increase (decrease) in notes and accounts payable	9	(246)	(2,098)
Others, net	(64)	590	5,019
Sub total	9,973	18,999	161,737
Interest and dividends received	542	565	4,808
Interest paid	(594)	(433)	(3,689)
Income tax paid	(3,618)	(3,571)	(30,395)
Net cash provided by operating activities	6,303	15,560	132,461
Cash flows from investing activities:			
Payments for purchase of investments in securities	(446)	(35)	(298)
Proceeds from sale of investments in securities	13,105	2,169	18,464
Proceeds from sale of investments in affiliated securities	112	-	-
Payments for purchase of property, plant and equipment	(8,691)	(7,028)	(59,830)
Proceeds from sale of property, plant and equipment	651	1,421	12,096
Payments for the settlement on coating business	-	(1,353)	(11,517)
Net increase in short-term loans receivable	642	76	643
Payments for long-term loans receivable	(134)	(522)	(4,446)
Proceeds from long-term loans receivable	3,110	544	4,634
Others, net	(1,325)	(393)	(3,344)
Net cash provided by (used in) investing activities - forward	7,024	(5,121)	(43,598)

Consolidated Statements of Cash Flows
For the years ended March 31, 2005 and 2006

Cash flows from financing activities:			
Net decrease in short-term bank loans	(8,619)	(2,000)	(17,026)
Borrowing of long-term debts	10,509	500	4,257
Repayments of long-term loans	(7,812)	(189)	(1,608)
Payments for redemption of bonds	(9,000)	-	-
Payments for reserve for sinking fund	-	(4,845)	(41,242)
Payments for redemption of convertible bonds	-	(311)	(2,647)
Proceeds from sale (Payments for purchase) of treasury stock	36	(3,284)	(27,956)
Cash dividends paid	(1,200)	(1,603)	(13,643)
Cash dividends to minority shareholders	(44)	(51)	(438)
Net cash used in financing activities	(16,130)	(11,783)	(100,303)
Effect of exchange rate change on cash and cash equivalents	264	273	2,324
Net decrease in cash and cash equivalents	(2,539)	(1,071)	(9,116)
Cash and cash equivalents at beginning of year	12,238	9,699	82,567
Cash and cash equivalents at end of year (Note 4)	¥ 9,699	¥ 8,628	$ 73,451

The accompanying notes are an integral part of these statements.

NOF CORPORATION and Consolidated Subsidiaries

Notes to the Consolidated Financial Statements
For the years ended March 31, 2005 and 2006

1. Basis of presenting the consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by NOF CORPORATION (the "Company") and its subsidiaries in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Summary of significant accounting policies

(1) Scope of consolidation

The Company had 33 subsidiaries (majority-owned companies) as of March 31, 2006 (33 for 2005). The consolidated financial statements include the accounts of the Company and 21 of its subsidiaries for the year ended March 31, 2006 (21 for 2005).

The remaining 12 (12 for 2005) subsidiaries, whose combined assets, net sales and net income in the aggregate are not significant in relation to those of the consolidated financial statements of the Group, have been excluded from consolidation.

The accompanying consolidated financial statements include the accounts of the 21 majority owned subsidiaries listed below (the Company and these consolidated subsidiaries are together referred to as the "Group"):

Name of subsidiaries	Percentage owned by the Company
(Domestic subsidiaries)	%
Nippon Koki Co., Ltd.	95.0
Nichiyu Giken Kogyo Co., Ltd.	66.7
Nippon Dacro Shamrock Co., Ltd.	100.0
Hokkaido NOF Corporation	100.0
Nichiyu Trading Co., Ltd.	100.0
Japex Corporation	70.0
Showa Kinzoku Kogyo Co., Ltd.	74.7
Nichiyu Solution Inc.	100.0
Nippo Kogyo Co., Ltd.	89.3
Nichiyu Logistics Co., Ltd.	100.0
Cactus Co., Ltd.	66.7
Yuka Sangyo Co., Ltd.	100.0
Nichiyu Kogyo Co., Ltd.	100.0
(Overseas subsidiaries)	
Metal Coatings International Inc.	100.0
Michigan Metal Coatings Co.	100.0
Georgia Metal Coatings Co.	100.0
Dacral S.A.	100.0
Metal Coatings do Brazil Ind. E. Com. Ltda.	90.0
Dacral Manufacturing NV	100.0
NOF Europe (Belgium) NV	100.0
P.T. NOF Mas Chemical Industries	89.6

The Company and all of its consolidated subsidiaries use a fiscal year ending March 31, except for Nippon Dacro Shamrock Co., Ltd., and overseas subsidiaries. Those subsidiaries use a fiscal year ending on December 31. The accounts of those subsidiaries have been consolidated by using the result of operations and account balances for the fiscal year, and necessary adjustments have been made for any material transactions that occurred between the different fiscal year-ends.

(2) Consolidation and elimination

For the purposes of preparing the accompanying consolidated financial statements, any gains/losses in relation to inter-company transactions have been eliminated, and the portion thereof attributable to minority interests is charged to minority interests.

Applicable inter-company accounts have been eliminated. The cost of investments in the common stock of consolidated subsidiaries is offset by the underlying equity in the net assets of such subsidiaries. Assets and liabilities in the consolidated subsidiaries are revalued at fair market value when the majority interest in the subsidiaries is purchased.

The differences between the cost of an investment and the amount of underlying equity in the net assets of such subsidiaries are deferred and amortized over the estimated period for amortization on a straight-line basis, where possible. Other differences are deferred and amortized over a 5-year period on a straight-line basis.

(3) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(4) Accounting for investments in unconsolidated subsidiaries and affiliates

The equity method is applied to investments in 3 affiliates (4 for 2005).

In January 2006, the Company sold part of its shareholdings in Nagoya Darco Co., Ltd. As a result, Nagoya Dacro Co., Ltd. is excluded from affiliates accounted for by the equity method for the year ended March 31, 2006 because it became immaterial.

The 3 affiliates accounted for by the equity method for the year ended March 31, 2006 are listed below:

Name of Affiliates	Percentage owned by the Company
	%
Autoliv Nichiyu Co., Ltd.	40.0
Nissan Soap Co., Ltd.	32.8
P.T. Sinar Oleochemical International	32.4

(5) Financial instruments

(a) Securities

Available-for-sale securities for which market quotations are available are stated at the fair value prevailing at the end of the fiscal year. Net unrealized gains or losses on those securities are reported as a separate component of shareholders' equity at a net-of-tax amount.

Available-for-sale securities for which market quotations are unavailable are stated at cost, principally determined by the moving-average method.

(b) Hedge accounting

Gains or losses arising from changes in the fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts receivable and payable, and long-term bank loans.

The Company has a policy to utilize the forward exchange contracts in order to reduce the Company's exposure to the risk of foreign currency exchange rate fluctuation. The Company also has a policy to utilize the interest rate swaps in order to reduce the Company's exposure to the risk of interest rate fluctuation. Thus, the Company's purchases of hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges. The Company waived the opportunity to evaluate the effectiveness of its hedging activities on interest rate swaps because they were not stated at fair value.

The Company also waived the opportunity to evaluate the effectiveness of its hedging of forward exchange transactions because settlement dates, currency types, amounts and other significant conditions are the same, and because there is a high correlation between changes in forward exchange rates and spot exchange rates.

(6) Allowance for bad debts

The balance of allowance for bad debts represents the amount, measured using a historical bad debt ratio plus an amount, deemed necessary to cover possible losses estimated on an individual account basis.

(7) Inventories

Inventories are principally stated at cost determined by the moving-average method.

(8) Property, plant and equipment

Depreciation of property, plant and equipment (excluding buildings) is principally computed using the declining-balance method, based on the estimated useful lives of the assets. Depreciation of buildings (excluding attachments to buildings) is principally computed using the straight-line method, based on the estimated useful lives of the assets. The range of useful lives is principally from 7 to 50 years for buildings and structures and from 6 to 12 years for machinery, equipment, furniture and tools.

(9) Accounting standards for impairment of fixed assets

On August 9, 2002, the Business Accounting Council of Japan issued new accounting standards entitled "Statement of Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets". Further, on October 31, 2003, the Accounting Standards Board of Japan issued Financial Accounting Standards Implementation Guidance No.6 - "Application Guidance on Accounting Standards for Impairment of Fixed Assets". These standards are effective from the fiscal year beginning April 1, 2005.
The Company and its subsidiaries adopted these standards in the fiscal year ended March 31,2006. As a result, property, plant and equipment as of March 31, 2006, decreased by ¥665 million ($5,663 thousand) , and income before income taxes and minority interests for the year ended March 31, 2006, decreased by the same amount, as compared with amount which would have been reported if the previous standard had been applied consistently. The accumulated impairment loss is deducted from net book value of each asset.

(10) Intangible assets

Intangible assets are amortized using the straight-line method.

Software for internal use is amortized using the straight- line method over the useful life of the software, which is 5 years.

(11) Accrued pension and severance costs

The employees of the Company and certain consolidated subsidiaries are covered by a funded retirement plan. Benefits under this retirement plan are generally based on employees' average basic salary during the period and length of service.
Unrecognized actual differences are amortized on a straight-line basis over the period of 10 years from the next year in which they arise.
Past service liabilities are amortized on a straight-line basis over the period of 10 years.

(12) Accrued retirement benefits to directors and corporate auditors

The Company, Nichiyu Trading Co., Ltd., Nichiyu Giken Kogyo Co., Ltd., Yuka Sangyo Co., Ltd., Showa Kinzoku Kogyo Co., Ltd., Nippo Kogyo Co., Ltd., Japex Corporation , Nichiyu Solution Inc.,Nippon Dacro Shamrock Co.,Ltd and Nichiyu Logistics Co., Ltd., provide for a retirement allowance for directors and corporate auditors, which is calculated as the amount that would be required, based on the pertinent rules of the Companies, if all directors and corporate auditors were to retire at the balance sheet dates.

The portion of accrued retirement benefits for directors and corporate auditors subject to incumbency before the termination of the pertinent system of retirement benefits on June 29, 2004, has been included in accrued retirement benefits to directors and corporate auditors for the year under review.

(13) Leases

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, and leases that do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(14) Income taxes

The income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitant taxes and enterprise taxes.

Income taxes were determined using the assets and liabilities approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(15) Consumption tax

Consumption tax is imposed at the flat rate of 5% on all domestic consumption of goods and services (with certain exemptions). The consumption tax paid is generally offset against the balance of consumption tax withheld, and the balance is shown in the accompanying consolidated balance sheets as "Other current liabilities".

(16) Appropriation of retained earnings

Under the Commercial Code and Articles of Incorporation of the Company, the plan for appropriation of retained earnings (primarily for cash dividend payments) proposed by the board of directors should be approved at the shareholders' meeting, which must be held within three months of the year end (March 31). The appropriation of retained earnings reflected in the accompanying consolidated financial statements represents the results of such appropriations applicable to the immediately preceding financial year. Dividends are paid to shareholders on the shareholders' register at the end of each financial year. As is customary practice in Japan, the payment of bonuses to directors and corporate auditors is made out of retained earnings instead of being charged to income for the year. Such payment therefore constitutes part of the aforementioned appropriations.

The Japanese Commercial Code provides that interim cash dividends may be distributed upon approval of the board of directors. The Company pays such interim dividends to the shareholders on the shareholders' register at September 30 each year.

(17) Net income and dividends per share

Net income per share of common stock is based upon the weighted average number of shares outstanding during each fiscal period.
Cash dividends per share shown for each fiscal period in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years.

Basis for calculating net income per share:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Net income per share			
Net income	¥ 8,168	¥ 6,457	$ 54,967
Amount not available to shareholders	72	75	638
Earnings appropriated for directors' bonuses	(72)	(75)	(638)
Net income related to common stock	8,096	6,382	54,329
Average number of shares outstanding (1,000 shares)	200,582	199,438	199,438
Net income per share (fully diluted)			
Interest expenses (net of tax)	52	27	229
Others	2	5	39
Net income adjustment	54	32	268
Convertible bonds (1,000 shares)	13,768	13,768	13,768
Stock options (1,000 shares)	235	267	267
Increase in number of shares (1,000 shares)	14,003	14,035	14,035
Shares not included in fully diluted net income per share calculation due to lack of dilution effect. (1,000 shares)	525	-	-

(18) Reclassification of accounts

Certain prior year amounts have been reclassified to conform to the current year's presentation.

3. United States dollar amounts

The Company maintains its accounting records in yen. The dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on the basis of ¥117.47 = U.S.$1, the approximate rate of exchange prevailing on the latest balance sheet date of March 31, 2006. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be converted, realized or settled in dollars at ¥117.47 = U.S.$1 or at any other rate.

4. Supplementary cash flow information

The relationship between cash and cash equivalents as of March 31, 2005 and 2006 and the accounts booked in the balance sheet is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Cash and time deposits	¥ 9,942	¥ 8,888	$ 75,660
Time deposits with maturity periods exceeding three months	(248)	(260)	(2,209)
Short-term investments in securities with maturities within three months	5	-	-
Cash and cash equivalents	¥ 9,699	¥ 8,628	$ 73,451

Assets and liabilities related to companies excluded from consolidation

	Millions of yen
	2005
Current assets	¥ 1,967
Non-current assets	55
Total assets	¥ 2,022
Current liabilities	¥ 1,912
Non-current liabilities	10
Total liabilities	¥ 1,922

The significant components of non-cash transactions

Non-cash transactions : Substitution treasury stock as newly issued stock due to conversion

	Millions of yen		Thousands of U.S. dollars	
	2006			
Decrease of treasury stock	¥	3,558	$	30,286
Gain on conversion of treasury stock	¥	642	$	5,464
Increase of common stock due to conversion	¥	1,747	$	14,873
Increase of capital surplus due to conversion	¥	1,741	$	14,823
Decrease of convertible bond	¥	7,688	$	65,446

5. Marketable securities and investments in securities

(1) The cost, book value and unrealized gains or losses on available-for-sale securities with fair value as of March 31, 2005 and 2006 were as follows:

	Millions of yen					
	2005					
Description	Acquisition cost		Book value (fair market value)		Unrealized gain or loss	
Fair market value exceeds acquisition cost						
Shares	¥	11,260	¥	29,706	¥	18,446
Bonds		522		534		12
Others		15		18		3
		11,797		30,258		18,461
Fair market value does not exceed acquisition cost						
Shares	¥	568	¥	502	¥	(66)
Bonds		28		27		(1)
Others		120		103		(17)
		716		632		(84)
Grand total	¥	12,513	¥	30,890	¥	18,377

Description	Millions of yen		
	2006		
	Acquisition cost	Book value (fair market value)	Unrealized gain or loss
Fair market value exceeds acquisition cost			
Shares	¥ 11,077	¥ 44,009	¥ 32,932
Bonds	551	559	8
Others	15	24	9
	11,643	44,592	32,949
Fair market value does not exceed acquisition cost			
Shares	¥ 288	¥ 256	¥ (32)
Bonds	-	-	-
Others	46	36	(10)
	334	292	(42)
Grand total	¥ 11,977	¥ 44,884	¥ 32,907

Description	Thousands of U.S. dollars (Note 3)		
	2006		
	Acquisition cost	Book value (fair market value)	Unrealized gain or loss
Fair market value exceeds acquisition cost			
Shares	$ 94,298	$ 374,637	$ 280,339
Bonds	4,686	4,757	71
Others	133	208	75
	99,117	379,602	280,485
Fair market value does not exceed acquisition cost			
Shares	$ 2,447	$ 2,182	$ (265)
Bonds	-	-	-
Others	394	307	(87)
	2,841	2,489	(352)
Grand total	$ 101,958	$ 382,091	$ 280,133

(2) Available-for-sale securities sold during the years ended March 31, 2005 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Proceeds from sale of available-for-sale securities	¥ 2,620	¥ 1,726	$ 14,694
Realized gain	1,322	1,123	9,564
Realized loss	40	3	26

(3) The book value of major securities without fair value as of March 31, 2005 and 2006 was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Unlisted stocks	¥ 703	¥ 673	$ 5,733
Preferred stocks	1,000	1,000	8,513
Preferred fund certificates	1,000	1,000	8,513
Money management funds	5	-	-
Fund certificates	22	16	132

(4) Schedule for redemption of available-for-sale securities with maturity as of March 31, 2006.

	Millions of yen			
	Within a year	1 to 5 years	5 to 10 years	Over 10 years
Corporate bonds	¥ -	¥ -	¥ 500	¥ -
	-	-	500	-

	Thousands of U.S. dollars (Note 3)			
	Within a year	1 to 5 years	5 to 10 years	Over 10 years
Corporate bonds	$ -	$ -	$ 4,256	$ -
	-	-	4,256	-

6. Short-term bank loans and long-term debt

Short-term bank loans outstanding are generally represented by notes payable issued by the Company to banks with a weighted average interest rate of 0.76% at March 31, 2006.

Long-term debt as of March 31, 2005 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Loans, principally from banks and insurance companies, due fiscal 2006 to 2023 with average interest rates of 1.28%	¥ 23,316	¥ 23,643	$ 201,266
1.1 per cent. yen convertible bonds due on March 31, 2006	7,999	-	-
Total	31,315	23,643	201,266
Less: Current maturities of:			
Long-term loans	166	9,684	82,440
Convertible bonds	7,999	-	-
	¥ 23,150	¥ 13,959	$ 118,826

Aggregate annual maturities of long-term debt subsequent to March 31, 2006 are as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars (Note 3)
2008	¥ 10,813	$ 92,055
2009	976	8,310
2010	440	3,735
2011	439	3,735
2012 and thereafter	1,291	10,991
	13,959	118,826

The Company's assets pledged as collateral for short-term and long-term loans from banks and other financial institutions (including current maturity) at March 31, 2006 is summarized as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
Property, plant and equipment at book value	15,572	132,560
	¥ 15,572	$ 132,560

7. Selling, general and administrative expenses

Major elements of selling, general and administrative expenses for the years ended March 31, 2005 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Delivery expenses	¥ 4,701	¥ 4,563	$ 38,846
Salaries and bonuses	7,925	8,291	70,578
Accrued pension and severance costs	887	579	4,926
Accrued retirement benefits to directors and corporate auditors	126	98	835
Research and development costs	4,774	4,816	40,995
Amortization of consolidated adjustment account	78	76	646

8. Research and development costs

The charges to income for the research and development activities of the Group for the years ended March 31, 2005 and 2006 were as follows:

Millions of yen		
2005		
Selling, general and administrative expenses	Cost of sales	Total
¥ 4,774	¥ 827	¥ 5,601

Millions of yen		
2006		
Selling, general and administrative expenses	Cost of sales	Total
¥ 4,816	¥ 665	¥ 5,481

Thousands of U.S. dollars (Note 3)		
2006		
Selling, general and administrative expenses	Cost of sales	Total
$ 40,995	$ 5,657	$ 46,652

9. Impairment loss on fixed assets

The Company and its consolidated subsidiaries have recognized impairment loss on fixed assets for the following group of assets as of March 31, 2006.

Use	Classification	Location
Non-performing assets	Land	Tsukuba-City,Ibaragi and others

The Company and its consolidated subsidiaries assessed impairment have recognized impairment loss on fixed assets for the following group of assets.
The Company and its consolidated subsidiaries group their fixed assets for business by the minimum cash-generating unit. Non-performing assets are assessed individually. The Company reduced the book value of non-performing land which had significantly depreciated to recoverable value and recorded ¥665 million in "Other income(expenses)". Recoverable value of non-performing assets is net selling price, which was calculated based on the valuation amount of real estate appraisal.

10. Income taxes

The statutory tax rate used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2005 and 2006 was 41.0%. At March 31, 2005 and 2006, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Deferred tax assets:			
Accrued bonus	¥ 1,018	¥ 1,084	$ 9,229
Accrued retirement benefits	2,084	1,233	10,500
Unrealized earnings	267	266	2,266
Accrued enterprise tax	237	267	2,271
Accrued retirement benefits to directors and corporate auditors	280	267	2,269
Valuation differences	760	714	6,080
Others	1,938	1,499	12,764
	6,584	5,330	45,379
Valuation allowance	(862)	(845)	(7,193)
Total deferred tax assets	5,722	4,485	38,186
Deferred tax liabilities:			
Unrealized gain on other securities	(7,519)	(13,445)	(114,457)
Reserve for advanced depreciation of property plant and equipment	(3,421)	(3,182)	(27,087)
Valuation differences	(2,313)	(2,313)	(19,692)
Gain on revaluation of assets trusted for retirement benefit	(838)	(838)	(7,136)
Others	(514)	(293)	(2,497)
Total deferred tax liabilities	(14,605)	(20,071)	(170,869)
Deferred income taxes, net	¥ (8,883)	¥ (15,586)	$ (132,683)

At March 31, 2005 and 2006, as the difference between the statutory tax rate and the Group's effective income tax rate was not significant. As it was below five percent, no reconciliation between those rates is provided.

11. Accrued pension and severance costs

The Company has a pension plan (funded and non-contributory) to cover the employees (excluding directors and corporate auditors) of the Company. The benefits under this plan are determined generally by reference to the employees' average rate of pay, length of service and the conditions under which retirement occurs. The pension plan of the Company provides for a lump-sum payment or annuity payments for a 10-year period after retirement, if they retire with at least 20 years of participation in the plan and at the age of 50 or older. Employees retiring with less than 20 years of participation are entitled to a lump-sum payment.

Accrued pension and severance costs as of March 31, 2005 and 2006 are analyzed as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	As of March 31, 2005	As of March 31, 2006	As of March 31, 2006
Projected benefit obligations	¥ (19,251)	¥ (20,165)	$ (171,660)
Plan assets	16,363	22,692	193,170
Unfunded projected benefit obligations	(2,888)	2,527	21,510
Unrecognized actuarial differences	3,512	(1,011)	(8,604)
Unrecognized prior service costs	(315)	(294)	(2,501)
Book value – net	309	1,222	10,405
Prepaid pension expenses	(3,618)	(4,714)	(40,132)
Accrued pension and severance costs	¥ (3,309)	¥ (3,492)	$ (29,727)

Notes : *1 in 2005 A consolidated subsidiary recognized a gain on the settlement of a governmental pension fund, amounting to ¥1,252 million.

*2 Some consolidated subsidiaries provide for retirement allowance by using expediency methods.

*3 in 2005 A net pension expense of ¥1,145 million, which was realized on the change in employment due to the settlement of coatings business, and an additional payment of ¥141 million incurred on retirement are deducted from gain on settlement of the coatings business.

Net pension expenses related to retirement benefits for the years ended March 31, 2005 and 2006 were as follows:

	Millions of yen				Thousands of U.S. dollars (Note 3)	
	For the year ended March 31, 2005		For the year ended March 31, 2006		For the year ended March 31,2006	
Service costs	¥	1,559	¥	1,075	$	9,155
Interest costs		681		434		3,691
Expected return on plan assets		(489)		(291)		(2,474)
Amortization of actual differences		887		590		5,022
Amortization of prior service costs		(40)		(36)		(306)
Net pension expenses	¥	2,598	¥	1,772	$	15,088

Notes: *1 Employees' contributions to the contributory pension plan (covering a portion of the governmental pension) were deducted.

*2 The pension expenses of consolidated subsidiaries which applied the expediency method are included in "Service costs".

Assumptions used in the calculation of the above information were as follows:

	2005	2006
Discount rate	2.5%	2.0%
Expected rate of return on plan assets	3.0%	2.5%
Method of attributing the projected benefits to periods of services	mainly point basis	mainly point basis
Amortization of unrecognized prior service costs	10 years	10 years
Amortization of unrecognized actuarial differences	10 years	10 years

12. Leases

The Group leases certain machinery and equipment, and other assets. Total lease payments under these leases were ¥546 million and ¥525 million (US$4,470 thousand) for the years ended March 31, 2005 and 2006, respectively.

Information relating to acquisition costs, accumulated depreciation and future minimum payments for assets held under finance leases which do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2006, is as follows:

	Millions of yen		
	2005		
	Furniture and fixtures	Others	Total
Acquisition costs	¥ 2,124	¥ 529	¥ 2,653
Accumulated depreciation	1,144	349	1,493
Net leased assets	¥ 980	¥ 180	¥ 1,160

	Millions of yen		
	2006		
	Furniture and fixtures	Others	Total
Acquisition costs	¥ 1,768	¥ 402	¥ 2,170
Accumulated depreciation	1,117	258	1,375
Net leased assets	¥ 651	¥ 144	¥ 795

	Thousands of U.S. dollars (Note 3)		
	2006		
	Furniture and fixtures	Others	Total
Acquisition costs	$ 15,055	$ 3,422	$ 18,477
Accumulated depreciation	9,512	2,195	11,707
Net leased assets	$ 5,543	$ 1,227	$ 6,770

Future minimum lease payments under finance leases as of March 31, 2005 and 2006 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Due within one year	¥ 492	¥ 407	$ 3,466
Due over one year	668	388	3,304
Total	¥ 1,160	¥ 795	$ 6,770

The acquisition costs and future minimum lease payments under finance leases include the interest expense portion because the amount of accrued lease payments was immaterial to the balance of property, plant and equipment as of March 31, 2005 and 2006.

The depreciation expense, which is not reflected in the accompanying consolidated statement of income, computed using the straight-line method, would have been ¥546 million and ¥525 million (US$4,470 thousand) for the years ended March 31, 2005 and 2006, respectively.

Obligations under non-cancelable operating leases as of March 31, 2005 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Due within one year	¥ 68	¥ 69	$ 583
Due after one year	143	124	1,052
Total	¥ 211	¥ 193	$ 1,635

13. Derivative financial instruments

The Group uses derivative financial instruments, which comprise principally forward exchange contracts and interest rate swap agreements, to reduce its exposure to market risks from fluctuations in foreign currency exchange and interest rates. The Group has established a control environment, which includes policies and procedures for the approval and monitoring of transactions involving derivative financial instruments. The Group does not hold or issue financial instruments for trading purposes.

The Group is exposed to certain market risks arising from its forward exchange contracts and interest rate swap agreements. The Group is also exposed to the risk of credit loss in the event of non-performance by the counterparties to the currency and interest. However, the Group does not anticipate non-performance by any of these counterparties all of whom are domestic financial institutions with high credit ratings.

14. Shareholders' equity

The Japanese Commercial Code requires all the Companies to appropriate as an earned reserve an amount equivalent to at least 10% of cash payments for appropriation of retained earnings until the legal reserves equals 25% of stated capital. The earned reserve may be transferred to unappropriated retained earnings to the extent that the legal reserves do not fall below 25% of stated capital.

Legal reserves may be transferred to stated capital through appropriate action by the directors or offset against deficit through appropriate shareholder action.

The Company's board of directors, with subsequent approval by the shareholders, has made annual appropriations of retained earnings for various purposes. Any disposal such appropriations shall be at the discretion of the board of directors and shareholders.

15. Contingent liabilities

(1) As of March 31, 2006, the Group was contingently liable for guarantees of loans as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)	
As a guarantor of indebtedness of:				
Amagasaki Utility Services	¥	421	$	3,586
Others		61		518
	¥	482	$	4,104

(2) As of March 31, 2006, the Company was contingently liable for the conditional assignment of ¥1,932million (US$16,449 thousand) of trade notes and accounts receivable with recourse obligation.

16. Subsequent events

(1) The appropriation of retained earnings including cash dividends in respect of the year ended March 31, 2006 was approved at the shareholders' meeting held on 29 June 2006 as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)	
Appropriations:				
Cash dividends (¥5.0 per share)	¥	1,246	$	10,610
Directors' bonuses		35		298
	¥	1,281	$	10,908

(2) Acquisition of treasury stock
On May 23, 2006, the Board of Directors of the Company made a resolution to purchase treasury stocks in accordance with Article 165 Paragraph 2 of the Commercial Code of Japan and the Company's Articles of incorporation in order to actively implement management measures including finance policies and respond to the changing business environment. The Company purchased 2,250 thousand shares of treasury stocks through Tokyo Stock Exchange from May 25 to June 7, 2006 for an aggregate acquisition cost of ¥1,404million.

17. Segment information

(1) Industry segments
As of March 31, 2005 and 2006, the Group operates principally in the following industry segments categorized based on similarity of products and markets.

	Millions of yen 2005						
	Oleo chem icals & foods	Chemicals	Explosive & propulsion	Others	Total	Elimination/ Corporate	Consolidated
Sales							
Sales to customers	¥ 54,843	¥ 46,315	¥ 30,785	¥ 1,740	¥ 133,683	¥ -	¥ 133,683
Inter-segment	17	1,222	29	4,669	5,937	(5,937)	-
Total	54,860	47,537	30,814	6,409	139,620	(5,937)	133,683
Operating expenses	53,849	42,207	29,066	6,189	131,311	(5,933)	125,378
Operating income/(loss)	¥ 1,011	¥ 5,330	¥ 1,748	¥ 220	¥ 8,309	¥ (4)	¥ 8,305
Assets	¥ 43,093	¥ 46,029	¥ 48,173	¥ 3,330	¥ 140,625	¥ 37,582	¥ 178,207
Depreciation	1,688	2,104	1,509	37	5,338	-	5,338
Capital expenditure	2,209	2,411	792	34	5,446	-	5,446

	Millions of yen 2006						
	Oleo chem icals & foods	Chemicals	Explosive & propulsion	Others	Total	Elimination/ Corporate	Consolidated
Sales							
Sales to customers	¥ 56,602	¥ 53,392	¥ 31,398	¥ 1,765	¥ 143,157	¥ -	¥ 143,157
Inter-segment	78	1,238	113	5,891	7,320	(7,320)	-
Total	56,680	54,630	31,511	7,656	150,477	(7,320)	143,157
Operating expenses	55,133	47,180	29,553	7,466	139,332	(7,317)	132,015
Operating income/(loss)	¥ 1,547	¥ 7,450	¥ 1,958	¥ 190	¥ 11,145	¥ (3)	¥ 11,142
Assets	¥ 43,918	¥ 49,354	¥ 47,492	¥ 2,985	¥ 143,749	¥ 48,503	¥ 192,252
Depreciation	1,788	2,150	1,374	59	5,371	-	5,371
Impairment on fixed assets	189	208	268	-	665	-	665
Capital expenditure	1,679	4,411	1,191	256	7,537	-	7,537

	Thousands of U.S. dollars (Note 3) 2006						
	Oleo chem icals & foods	Chemicals	Explosive & propulsion	Others	Total	Elimination/ Corporate	Consolidated
Sales							
Sales to customers	$ 481,840	$ 454,519	$ 267,290	$ 15,023	$ 1,218,672	$ -	$ 1,218,672
Inter-segment	661	10,537	965	50,152	62,315	(62,315)	-
Total	482,501	465,056	268,255	65,175	1,280,987	(62,315)	1,218,672
Operating expenses	469,333	401,636	251,580	63,561	1,186,110	(62,284)	1,123,826
Operating income/(loss)	$ 13,168	$ 63,420	$ 16,676	$ 1,614	$ 94,877	$ (31)	$ 94,846
Assets	$ 373,869	$ 420,138	$ 404,293	$ 25,409	$ 1,223,709	$ 412,898	$ 1,636,607
Depreciation	15,222	18,304	11,694	505	45,725	-	45,725
Impairment on fixed assets	1,609	1,770	2,284	-	5,663	-	5,663
Capital expenditure	14,291	37,551	10,139	2,184	64,165	-	64,165

The amounts of assets included in the column "Elimination/corporate" are ¥39,287 million and ¥49,564 million (US$421,925 thousand) for the years ended March 31, 2005 and 2006, respectively, which includes surplus working funds (cash and securities), long-term investment funds (investment in securities), and deferred tax assets.

(2) Geographic segments

Segment information classified by geographic area (inside and outside Japan) for the years ended March 31, 2005 and 2006 is as follows:

	Millions of yen 2005				
	Japan	Others (Note 1)	Total	Elimination/ Corporate	Consolidated
Sales					
Sales to customers	¥ 124,410	¥ 9,273	¥ 133,683	¥ -	¥ 133,683
Inter-segment	1,420	198	1,618	(1,618)	-
Total	125,830	9,471	135,301	(1,618)	133,683
Operating expenses	118,633	8,386	127,019	(1,641)	125,378
Operating income/(loss)	¥ 7,197	¥ 1,085	¥ 8,282	¥ 23	¥ 8,305
Assets	¥ 136,567	¥ 7,141	¥ 143,708	¥ 34,499	¥ 178,207

	Millions of yen 2006				
	Japan	Others (Note 1)	Total	Elimination/ Corporate	Consolidated
Sales					
Sales to customers	¥ 132,160	¥ 10,997	¥ 143,157	¥ -	¥ 143,157
Inter-segment	1,345	338	1,683	(1,683)	-
Total	133,505	11,335	144,840	(1,683)	143,157
Operating expenses	123,586	10,152	133,738	(1,722)	132,015
Operating income/(loss)	¥ 9,919	¥ 1,183	¥ 11,102	¥ 39	¥ 11,142
Assets	¥ 139,130	¥ 7,846	¥ 146,976	¥ 45,276	¥ 192,252

	Thousands of U.S. dollars (Note 3) 2006				
	Japan	Others (Note 1)	Total	Elimination/ Corporate	Consolidated
Sales					
Sales to customers	$ 1,125,054	$ 93,618	$ 1,218,672	$ -	$ 1,218,672
Inter-segment	11,445	2,881	14,326	(14,326)	-
Total	1,136,499	96,499	1,232,998	(14,326)	1,218,672
Operating expenses	1,052,067	86,417	1,138,484	(14,658)	1,123,826
Operating income/(loss)	$ 84,432	$ 10,082	$ 94,514	$ 332	$ 94,846
Assets	$ 1,184,389	$ 66,790	$ 1,251,179	$ 385,428	$ 1,636,607

(Note 1)

Others represents ··· North America, Europe, and Asia

(3)Sales to foreign customers

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2006	2006
Overseas sales (Note 1)	¥ 19,421	¥ 21,146	$ 180,008
Consolidated sales	133,683	143,157	1,218,672
Ratio	14.53%	14.77%	

(Note 1)
Overseas sales represents … North America, Europe and Asia