# MHI ANNOUNCES FY2005 CONSOLIDATED FINANCIAL RESULTS

Tokyo, April 28, 2006 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **consolidated** financial results for fiscal year (FY) 2005 ended March 31, 2006.

(billions of yen)

	FY2005	FY2004	Changes (%)
Orders Received	2,942.0	2,722.8	8.0
Net Sales	2,792.1	2,590.7	7.8
Operating Income	70.9	14.7	380.0
Ordinary Income	50.3	12.5	301.7
Income Before Tax	52.3	16.3	219.4
Net Income	29.8	4.0	636.2
Operation Cash Flow	73.9	107.0	- 31.0
Investment Cash Flow	- 104.0	- 163.3	- 36.3
Financing Cash Flow	7.9	57.9	- 86.2
Net Income Per Share	8.85 yen	1.20 yen	637.5

Orders Received by Operational Segment (billions of yen)

	FY2005	FY2004	Differences
Shipbuilding & Ocean	207.4	299.3	- 91.8
Development	(7.1)	(11.0)	
Downer Cystems	872.8	691.4	181.3
Power Systems	(29.7)	(25.4)	
Maghinary & Stool Structures	515.8	455.5	60.2
Machinery & Steel Structures	(17.5)	(16.7)	
Aerospace	451.5	411.0	40.4
Aerospace	(15.3)	(15.1)	
Mass and Medium-Lot	814.8	747.9	66.8
Manufactured Machinery	(27.7)	(27.5)	
Others	79.6	117.4	- 37.8
Others	(2.7)	(4.3)	
TOTAI	2,942.0	2,722.8	219.1
TOTAL	(100.0)	(100.0)	

Figures in parentheses represent percentage of the segment's orders in total orders.

# **Consolidated** financial results (continued)

Sales by Operational Segment (billions of yen)

	FY2005	FY2004	Differences
Shipbuilding & Ocean	222.6	271.5	- 48.9
Development	(8.0)	(10.5)	
Down Cystoms	710.9	629.6	81.3
Power Systems	(25.5)	(24.3)	
Machinery & Steel Structures	538.7	459.3	79.3
Machinery & Steel Structures	(19.3)	(17.7)	
Agreemage	445.9	407.9	37.9
Aerospace	(16.0)	(15.7)	
Mass and Medium-Lot	805.0	757.8	47.2
Manufactured Machinery	(28.8)	(29.3)	
Othors	68.7	64.3	4.4
Others	(2.4)	(2.5)	
TOTAL	2,792.1	2,590.7	201.3
TOTAL	(100.0)	(100.0)	

Figures in parentheses represent percentage of each segment's sales in total sales.

Operating Income (Loss) by Operational Segment (billions of yen)

		`	<u> </u>
	FY2005	FY2004	Differences
Shipbuilding & Ocean Development	- 10.6	- 11.7	1.1
Power Systems	38.3	16.0	22.2
Machinery & Steel Structures	2.3	- 8.7	11.0
Aerospace	16.5	8.7	7.7
Mass and Medium-Lot Manufactured Machinery	16.7	4.3	12.4
Others	7.5	6.0	1.5
TOTAL	70.9	14.7	56.1

## **Consolidated** financial results (continued)

#### **Estimate of Consolidated Financial Results for FY 2006**

For the fiscal year 2006 ending March 31, 2007, MHI is expecting 2,900 billion yen in net sales, 80 billion yen in operating income, 63 billion yen in ordinary income, 63 billion yen in income before tax and 40 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$ 1.00 = \$112.00.

This estimate has been projected with currently available information and data. Therefore please be advised that the actual results may diverge broadly with the influence of the variety of the outside factors such as economics surrounding MHI or currency exchange rate fluctuation.

#### Notes:

Number of consolidated subsidiaries: 187 (154 in FY2004)

Number of companies under the application of equity method:

FY2005 FY2004 47

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# CONSOLIDATED BALANCE SHEETS (1/2)

(Millions of Yen)

	As of	As of	Increase
	Mar. 31, 2006	Mar. 31, 2005	(Decrease)
<u>ASSETS</u>			
Current assets:			
Cash and deposits	195,185	211,911	(16,725)
Trade receivables	1,097,403	1,048,892	48,510
Securities	1,549	2,571	(1,022)
Inventories	971,508	958,513	12,995
Deferred income taxes	75,978	65,500	10,477
Other current assets	209,608	184,867	24,740
Allowance for doubtful receivables	(7,748)	(6,612)	(1,135)
Total current assets	2,543,485	2,465,645	77,840
Fixed assets:  Property, plant and equipment	765,236	736,500	28,736
Property, plant and equipment	703,230	730,300	26,730
Intangible fixed assets	35,769	33,726	2,042
Investments and advances			
Investment securities	628,110	538,792	89,317
Deferred income taxes	10,158	9,745	413
Other assets	83,114	98,445	(15,331)
Allowance for doubtful accounts	(18,753)	(51,712)	32,958
Total investments and advances	702,630	595,272	107,358
Total fixed assets	1,503,637	1,365,499	138,137
TOTAL ASSETS	4,047,122	3,831,144	215,978

# CONSOLIDATED BALANCE SHEETS (2/2)

(Millions of Yen)

	As of	As of	(Millions of Ye
	As of Mar. 31, 2006	As of Mar. 31, 2005	(Decrease)
	,	,	
LIABILITIES, MINORITY INTERESTS			
AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Current liabilities:			
Trade payables	669,667	649,144	20,52
Bank loans	409,388	356,682	52,70
Current portion of debentures	300	33,426	(33,12
Reserve for product warranties	15,999	11,913	4,0
Allowance for losses on construction contracts	6,298	6,401	(10
Advance payments received on contracts	334,879	363,447	(28,5)
Other current liabilities	190,128	146,972	43,1:
Total current liabilities	1,626,662	1,567,987	58,6
Long-term liabilities:			
Debentures	213,311	213,334	(1
Long-term debt	575,664	569,452	6,2
Deferred tax liabilities	95,691	17,464	78,22
Reserve for retirement allowance	108,710	109,797	(1,0
Reserve for treatment of PCB waste	4,360	_	4,30
Other long-term liabilities	28,660	27,919	74
Total long-term liabilities	1,026,399	937,968	88,43
TOTAL LIABILITIES	2,653,062	2,505,955	147,10
MINORITY INTERESTS	17,770	15,211	2,55
STOCKHOLDERS' EQUITY:			
Common stock	265,608	265,608	
Capital surplus	203,864	203,854	
Retained earnings	718,479	741,234	(22,7:
Net unrealized gains on investment securities	193,372	110,460	82,9
Foreign currency translation adjustments	117	(6,007)	6,12
Treasury stock	(5,154)	(5,173)	
TOTAL STOCKHOLDERS' EQUITY	1,376,289	1,309,977	66,3
TOTAL LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY	4,047,122	3,831,144	215,9

# CONSOLIDATED STATEMENTS OF INCOME

(Millions of Yen)

	FY2005	FY2004	Incraese
	F 1 2005	F 1 2004	(Decrease)
			(Decrease)
Net sales	2,792,108	2,590,733	201,375
Cost of sales	2,460,819	2,300,894	159,924
Selling, general and administrative expenses	260,376	275,065	(14,689
			(-1,00)
Operating income	70,912	14,772	56,140
Non-operating income:			
Interest and dividend income	13,797	9,907	3,89
Equity in earnings of unconsolidated			
subsidiaries and affiliates	2,055	10,003	(7,94
Foreign exchange gains	-	1,631	(1,63
Other income	5,166	4,229	93
Total non-operating income	21,019	25,771	(4,75
Non-operating expenses:			
Interest expense	15,765	15,496	26
Foreign exchange losses	9,386	15,470	9,38
Losses on disposal of fixed assets	5,382	4,932	7,30 44
Other expenses	11,032	7,576	3,45
Total non-operating expenses	41,567	28,005	13,56
	· ·		
Ordinary income	50,365	12,538	(37,82
Extraordinary income:			
Gains on sales of fixed assets	13,675	10,356	3,31
Gains on sales of investment securities	-	15,745	(15,74
Total extraordinary income	13,675	26,102	(12,42
Extraordinary expenses:			
Business improvement and restructuring charges	5,558	1,778	3,78
Expense for treatment of PCB waste	4,360	-	4,36
Provision of reserve for directors' retirement allowance	1,737	-	1,73
Provision of reserve for product warranties	-	10,889	(10,88
Losses on impairment for fixed assets	-	6,107	(6,10
Losses on damage from natural disasters	-	3,466	(3,46
Total extraordinary expenses	11,657	22,242	(10,58
Income before income taxes and minority interests	52,383	16,398	35,98
Income taxes			
Current	8,112	3,539	4,57
Deferred	13,056	7,926	5,12
Minority interests in income after taxes	1,397	7,920 882	5,12
	,,,,		
Net income	29,816	4,049	25,76

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Yen)

	<del> </del>		(millions of Yen)
	FY 2005	FY 2004	Differences
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	52,383	16,398	35,984
Adjustments to reconcile income (loss) before	32,303	10,370	33,704
income taxes and minority interests to net cash			
provided by operating activities			
Domesistica and amountaction	100.910	00.192	1.626
Depreciation and amortization	100,810 934	99,183 6,107	1,626
Losses on impairment for fixed assets Increase (decrease) in reserve for retirement allowance			(5,173)
	(2,142)	(4,802)	2,659
Equity in earnings of unconsolidated subsidiaries and affiliates Interest and dividend income	(2,055) (13,797)	(10,003)	7,948 (3,890)
	15,765	(9,907) 15,496	(3,890)
Interest expense Gains on sales of investment securities	13,703	(15,745)	15,745
Gains on sales of fixed assets	(13,675)	(10,356)	(3,318)
Business improvement and restructuring charges	5,558	1,778	3,780
Expense for treatment of PCB waste	4,360	1,776	4,360
Provision of reserve for directors' retirement allowance	1,737	-	1,737
Provision of reserve for unectors retirement anowance  Provision of reserve for product warranties	1,737	10,889	(10,889)
Losses on damage from natural disasters	-	3,466	(3,466)
(Increase) decrease in receivables	(36,938)	(53,197)	16,258
(Increase) decrease in inventories and advances to suppliers	(18,429)	53,101	(71,531)
(Increase) decrease in other assets	(16,249)	(41,710)	25,461
Increase (decrease) in payables	8,503	18,758	(10,255)
Increase (decrease) in advance payments received on contracts	(29,571)	36,248	(65,820)
Increase (decrease) in other liabilities	19,677	10,917	8,760
Others	(2,076)	(8,118)	6,041
Subtotal	74,792	118,503	(43,711)
Interest and dividends received	20,255	9,689	10,565
Interest paid	(15,711)	(15,670)	(40)
Payments for income taxes	(5,408)	(5,457)	49
Net cash provided by operating activities	73,928	107,065	(33,137)
Cash flows from investing activities:			
Net (Increase) decrease in time deposits	6,150	2,983	3,166
Purchases of property, plant, equipment and intangible assets	(123,973)	(108,233)	(15,740)
Proceeds from sales of property, plant, equipment	16,737	11,813	4,924
and intangible assets	,	,	,
Purchases of investment securities	(4,982)	(91,266)	86,284
Proceeds from sales and redemption of marketable securities	4,772	23,516	(18,743)
and investment securities	·	,	, ,
Disbursement of long-term loans	(6,074)	(3,783)	(2,291)
Collection of long-term loans	3,304	4,070	(765)
Others	-	(2,423)	2,423
Net cash used in investing activities	(104,065)	(163,321)	59,256
Cash flows from financing activities:			
Net increase (decrease) in bank loans	5,626	(2,055)	7,681
Proceeds from long-term debt	111,938	181,077	(69,138)
Repayment of long-term debt	(63,625)	(106,533)	42,907
Payment for redemption of bonds	(33,606)	(300)	(33,306)
Dividends paid to stockholders	(13,384)	(10,109)	(3,274)
Dividends paid to minority stockholders of subsidiaries	(395)	(316)	(78)
Others	1,421	(3,828)	5,249
Net cash provided by (used in) financing activities	7,974	57,933	(49,958)
Effect of analogous rate skipper and	E 804	<b>3.5</b> 00	2.00=
Effect of exchange rate changes on cash	5,786	2,798	2,987
and cash equivalents			

## MHI ANNOUNCES FY2005 NON-CONSOLIDATED FINANCIAL RESULTS

Tokyo, April 28, 2006 -- Mitsubishi Heavy Industries, Ltd. (MHI) today announced its **non-consolidated** financial results for fiscal year (FY) 2005 ended March 31, 2006.

(billions of yen)

		(difficults of yell)			
	FY2005	FY2004	Changes (%)		
Orders Received	2,318.3	2,202.0	5.3		
Net Sales	2,206.7	2,097.9	5.2		
Operating Income (Loss)	38.2	- 9.7	-		
Ordinary Income (Loss)	32.4	- 9.6	-		
Income Before Tax	35.3	0.2	-		
Net Income (Loss)	26.1	- 2.0	-		
Net Income (Loss) Per Share	7.77 yen	- 0.60 yen	-		
Dividend Per Share	4.0 yen	4.0 yen	-		

#### **Estimate of Non-Consolidated Financial Results for FY 2006**

For the fiscal year 2006 ending March 31, 2007, MHI is expecting 2,250 billion yen in net sales, 60 billion yen in operating income, 50 billion yen in ordinary income, 50 billion yen in income before tax and 30 billion yen in net income. This estimate is based on the assumption of currency exchange rate of US\$  $1.00 = \frac{112.00}{1.00}$ .

This estimate has been projected with currently available information and data. Therefore please be advised that the actual results may diverge broadly with the influence of the variety of the outside factors such as economics surrounding MHI or currency exchange rate fluctuation.

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#### NON-CONSOLIDATED BALANCE SHEETS (As of March 31, 2006) (1/2)

	As of Mar.31.2006	As of Mar.31,2005	(Millions of Yen) Increase (Decrease)
ASSETS			
Current assets:			
Cash and deposits	98,238	142,917	(44,678)
Trade notes receivable	9,147	8,791	356
Trade accounts receivable	945,892	917,990	27,902
Securities	9	8	0
Finished products	68,318	71,074	(2,755)
Raw materials and supplies	49,150	39,685	9,465
Work in process	701,731	711,284	(9,552)
Advances to suppliers	64,408	51,709	12,698
Prepaid expenses	735	606	129
Deferred income taxes	58,261	50,623	7,638
Other current assets	144,777	124,143	20,634
Allowance for doubtful receivables	(67)	(66)	(1)
Total current assets	2,140,605	2,118,767	21,837
Fixed assets:			
Property, plant and equipment:			
Buildings	209,228	204,511	4,716
Structures	23,482	22,112	1,370
Dock and facilities for ship building	3,246	3,241	5
Machinery	161,723	159,038	2,684
Vessels	22	1,675	(1,653)
Aircraft	241	144	97
Vehicles and transportation equipment	2,340	2,328	11
Tools, equipment and furniture	48,356	45,752	2,603
Land	108,349	108,551	(201)
Construction in progress	29,617	22,410	7,207
Subtotal	586,608	569,767	16,841
Intangible fixed assets:	200,000	20,,	
Software	17,236	16,020	1,215
Right for facility utilization	1,981	2,441	(459)
Other intangible fixed assets	804	1,113	(309)
Subtotal	20,022	19,575	447
Investments and advances:		,	
Investment securities	765,483	512,232	253,251
Long-term loans and advances	10,518	18,242	(7,723)
Investment capital and guarantee deposits	20,045	19,279	766
Long-term prepaid expenses	39,576	22,517	17,058
Other investments	19,936	55,932	(35,996)
Allowance for doubtful accounts	(15,089)	(47,454)	32,365
Subtotal	840,470	580,749	259,721
Total fixed assets	1,447,102	1,170,092	277,010
TOTAL ASSETS	3,587,707	3,288,860	298,847

### NON-CONSOLIDATED BALANCE SHEETS (As of March 31, 2006) (2/2)

As of Mar 1, 2006         As of Mar 1, 2006         Increase (December 1)           LABILITIES AND STOCKHOLDER'S EQUITY           Current liabilities:           Current liabilities:           Trade accounts payable         583,644         593,999         (10,354)           Current portion of long-term debt for exports loans from main contractors         5,884         6,741         6879           Current portion of debentures         49,503         32,445         17,508           Accured payables         49,503         32,435         13,599           Advance payments received on contracts         313,025         345,721         32,269           Advance payments received on contracts         15,999         11,913         40,666           Reserve for product warranties         15,999         11,913         40,66           Allowance payments received on contracts         15,999         11,913         40,66           Reserve for product warranties         15,999         11,913         40,66           Allowance for losses on construction contracts         15,999         11,913         40,66           Reserve for directors retirement allowance         1,273         50,42         10,10           Reserve for tirectires in tibilities	NON-CONSOLIDATED BALANCE SHEETS (AS OF March 31, 2000) (2/2)		()	Millions of Yen)
Page		As of	*	
Current liabilities		Mar.31.2006	Mar.31,2005	(Decrease)
Current labilities:         Trade accounts payable         \$83,644         \$593,999         (10,354)           Bank loans         277,861         218,657         50,204           Current portion of long-term debt for exports loans from main contractors         3,884         6,741         (887)           Current portion of debentures         30,000         30,000         30,000           Accrued payables         49,503         32,473         1,359           Accrued expenses         34,493         32,733         1,359           Advance payments received on contracts         22,087         15,999         6,178           Reserve for product varianties         15,999         11,913         4,086           Allowance for losses on construction contracts         6,298         6,401         (102)           Reserve for product varianties         15,999         11,913         4,086           Allowance for losses on construction contracts         6,298         6,401         (102)           Reserve for director's retirement allowance         1,332,331         1,306,883         21,468           Reserve for director's retirement allowance         1,328,531         1,306,883         21,649           Long-term liabilities         10,000         210,000         210,000         0	LIABILITIES AND STOCKHOLDERS' EQUITY			
Trade accounts payable   S83,644   593,999   (10,354)   Bank loans   278,861   218,657   59,204   Current portion of long-term debt for exports loans from main contractors   5,884   6,741   (857)   Current portion of debentures   30,000   (30,000)   (	<u>LIABILITIES</u>			
Trade accounts payable   S83,644   593,999   (10,354)   Bank loans   278,861   218,657   59,204   Current portion of long-term debt for exports loans from main contractors   5,884   6,741   (857)   Current portion of debentures   30,000   (30,000)   (	Current liabilities			
Bank loans		583,644	593,999	(10.354)
Current portion of long-term debt for exports loans from main contractors		,	·	
Current portion of debentures		•	•	
Accrued payables         49,503         32,435         17,508           Accrued expenses         34,003         32,733         1,359           Advance payments received on contracts         313,025         345,721         (32,696)           Deposits received         22,087         15,009         6,178           Reserve for product warranties         6,298         6,401         (102)           Allowance for losses on construction contracts         6,298         6,401         (102)           Reserve for directors' retirement allowance         1,737         -         1,737           Other current liabilities         18,396         12,275         6,120           Total current liabilities         13,28,531         1306,883         21,648           Long-term debt         503,437         504,643         (1,206)           Long-term debt         503,437         504,643         (1,206)           Long-term data liabilities         150,290         27,365         122,925           Deferred tax liabilities         150,290         27,365         122,925           Reserve for retirement allowance         61,756         63,000         1,1243           Reserve for treatment of PCB waste         4,075         -         4,075		-		(30,000)
Advance payments received on contracts         34,093         32,733         1,259           Advance payments received on contracts         22,087         15,909         11,913         4,086           Reserve for product warranties         6,298         6,401         (102)           Reserve for the exhibition in the 2005 World Exposition Aichi Japan         -         86         (86)           Reserve for directors' retirement allowance         11,339         12,275         - 1,737           Other current liabilities         18,396         12,275         - 1,20           Total current liabilities         210,000         20         0           Long-term Idebt         503,437         504,643         (1,206)           Long-term Idebt for exports loans from main contractors         11,916         20,808         (8,892)           Deferred data liabilities         150,290         27,365         122,925           Reserve for retirement allowance         61,756         63,000         (1,243)           Reserve for retirement allowance         61,756         63,000         (1,243)           Reserve for retirement allowance         952,083         844,382         117,700           TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOC		49,503		
Advance payments received on contracts   313,025   345,721   32,696   Deposits received   22,087   15,909   6,178   Reserve for product warranties   15,999   11,913   4,086   Allowance for losses on construction contracts   6,298   6,401   (102)   6,288   6,401   (102)   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,288   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,401   6,488   6,488   6,401   6,488   6,448   6,448   6,448   6,448   6,448   6,488   6,44			32,733	1,359
Deposits received   22,087   15,009   6,178   Reserve for product warranties   15,999   11,913   4,086   Allowance for losses on construction contracts   6,298   6,401   (102)   Reserve for the exhibition in the 2005 World Exposition Aichi Japan   - 86   (86)		313,025	345,721	
Reserve for product warranties		22,087	15,909	
Reserve for the exhibition in the 2005 World Exposition Aichi Japan         -         86         (86)           Reserve for directors' retirement allowance         1,373         1,273         1,737         1,737         6,120         6,120         6,120         6,120         7         6,120         6,120         6,120         6,120         6,120         6         6,120         6         6         6         6,126         6         8         21,000         210,000         <		15,999	11,913	4,086
Reserve for directors' retirement allowance Other current liabilities         1,737 (1,37) (1,32		6,298	6,401	(102)
Other current liabilities         18,396         12,275         6,120           Total current liabilities         1,328,531         1,306,883         21,648           Long-term liabilities         210,000         210,000         0           Long-term debt         503,437         504,643         (1,206)           Long-term debt for exports loans from main contractors         11,916         20,808         (8,892)           Deferred tax liabilities         150,290         27,365         122,925           Reserve for treatment allowance         61,756         63,000         (1,243)           Reserve for treatment of PCB waste         4,075         6,000         (1,243)           Reserve for treatment of PCB waste         4,075         8,565         2,042           Total long-term liabilities         952,083         834,382         117,700           Total long-term liabilities         952,083         834,382         117,700           Total LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDERS' EQUITY         200,13,36         265,608         0           Capital surplus:         200,23,36         203,536         0           Capital surplus:         200,20         0         1         9	Reserve for the exhibition in the 2005 World Exposition Aichi Japan	-	86	(86)
	Reserve for directors' retirement allowance	1,737	-	1,737
Debentures	Other current liabilities	18,396	12,275	6,120
Debentures         210,000         210,000         0           Long-term debt         503,437         504,643         (1,206)           Long-term debt for exports loans from main contractors         11,916         20,808         (8,892)           Deferred tax liabilities         150,290         27,365         122,925           Reserve for retirement allowance         61,756         63,000         (1,243)           Reserve for treatment of PCB waste         4,075         -         4,075           Other long-term liabilities         10,008         8,565         2,042           Total long-term liabilities         952,083         834,382         117,700           TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDER' EQUITY           Common stock         265,608         265,608         0           Capital surplus:         203,536         203,536         0           Cher capital reserve         66,363         203,536         0           Other capital reserve:         10         1         9           Retained earnings:         2         2         2         2         2         2         2         3         4         9         7	Total current liabilities	1,328,531	1,306,883	21,648
Debentures         210,000         210,000         0           Long-term debt         503,437         504,643         (1,206)           Long-term debt for exports loans from main contractors         11,916         20,808         (8,892)           Deferred tax liabilities         150,290         27,365         122,925           Reserve for retirement allowance         61,756         63,000         (1,243)           Reserve for treatment of PCB waste         4,075         -         4,075           Other long-term liabilities         10,608         8,565         2,042           Total long-term liabilities         952,083         834,382         117,700           TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDER' EQUITY           Common stock         265,608         265,608         0           Capital surplus:         2         203,536         0           Capital reserve         66,363         203,536         0           Other capital reserves:         10         1         9           Retained earnings:         2         2         2         2         2         3         3         4         9         7         3         4				
Long-term debt         503,437         504,643         (1,206)           Long-term debt for exports loans from main contractors         11,916         20,808         8,892           Deferred tax liabilities         150,290         27,365         122,925           Reserve for retirement allowance         61,756         63,000         (1,243)           Reserve for treatment of PCB waste         4,075         -         4,075           Other long-term liabilities         952,083         83,4382         117,700           Total long-term liabilities         952,083         834,382         117,700           TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDERS' EQUITY         203,536         203,536         0           Capital surplus:         2         2         203,536         0           Capital reserve         203,536         203,536         0           Other capital reserve:         3         0         0           Gains on sales of treasuary stock         10         1         9           Retained earnings:         2         2         2         2           Legal reserve         66,363         66,363         6,633         0           Revenue reserv				
Dong-term debt for exports loans from main contractors		*	•	
Deferred tax liabilities         150,290         27,365         122,925           Reserve for retirement allowance         61,756         63,000         (1,243)           Reserve for treatment of PCB waste         4,075         -         4,075           Other long-term liabilities         10,608         8,565         2,042           Total long-term liabilities         952,083         834,382         117,700           TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDERS' EQUITY           Common stock         265,608         265,608         0           Capital surplus:         203,536         203,536         0           Capital reserve         203,536         203,536         0           Other capital reserve:         3         2         0           Gains on sales of treasuary stock         10         1         9           Retained earnings:         2         2         2         2           Legal reserve         66,363         66,363         66,363         0         0           Reserve for reduction in costs of fixed assets         14,700         9,703         4,997         2         2         2         2         2 <t< td=""><td>=</td><td>,</td><td>·</td><td></td></t<>	=	,	·	
Reserve for retirement allowance         61,756         63,000         (1,243)           Reserve for treatment of PCB waste         4,075         -         4,075           Other long-term liabilities         10,608         8,565         2,042           Total long-term liabilities         952,083         834,382         117,700           TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDERS' EQUITY           Common stock         265,608         265,608         0           Capital surplus:         203,536         203,536         0           Capital reserve         203,536         203,536         0           Other capital reserve:         10         1         9           Gains on sales of treasuary stock         10         1         9           Retained earnings:         2         2         2         3         6         0           Revenue reserve:         8         14,700         9,703         4,997         3         4,997         3         4,997         3         4,997         3         4,997         4,997         4,909         3,329         5,480         3         0         6         6,648         4,347         2,300 <td></td> <td>,</td> <td>·</td> <td></td>		,	·	
Reserve for treatment of PCB waste Other long-term liabilities         4,075   10,608   8,565   2,042           Total long-term liabilities         952,083   834,382   117,700           TOTAL LIABILITIES         2,280,614   2,141,266   139,348           STOCKHOLDERS' EQUITY           Common stock         265,608   265,608   0         0           Capital reserve         203,536   203,536   0         0           Other capital reserve:         203,536   66,363   0         0           Gains on sales of treasuary stock         10   1   9         9           Retained earnings:         28,200   200,000   0         0           Legal reserve         66,363   66,363   0         0           Revenue reserve:         8         8         4,347   2,300   0           Reserve for reduction in costs of fixed assets         14,700   9,703   4,997   0         4,997   0         4,997   0         2,000   0         0 <td></td> <td>*</td> <td>*</td> <td></td>		*	*	
Other long-term liabilities         10,608         8,565         2,042           Total long-term liabilities         952,083         834,382         117,700           TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDERS' EQUITY           Common stock         265,608         265,608         0           Capital surplus:         203,536         203,536         0           Capital reserve:         203,536         203,536         0           Other capital reserve:         10         1         9           Gains on sales of treasuary stock         10         1         9           Retained earnings:         2         2         2           Legal reserve:         66,363         66,363         0           Revenue reserve:         8         4,347         2,300           Reserve for reduction in costs of fixed assets         14,700         9,703         4,997           Reserve for accelerated depreciation         6,648         4,347         2,300           Reserve for losses on overseas investments         -         2         2         2           General reserves         460,000         460,000         0         0         0         0<		,	63,000	
Total long-term liabilities         952,083         834,382         117,700           TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDERS' EQUITY           Common stock         265,608         265,608         0           Capital surplus:         203,536         203,536         0           Capital reserve         203,536         203,536         0           Other capital reserve:         10         1         9           Retained earnings:         2         2           Legal reserve         66,363         66,363         0           Revenue reserve:         8         4,347         2,300           Reserve for reduction in costs of fixed assets         14,700         9,703         4,997           Reserve for losses on overseas investments         -         2         (2)           General reserves         460,000         460,000         0           Unappropriated earnings         40,809         35,329         5,480           Net unrealized gains on investment securities         588,522         575,746         12,776           Net unrealized gains on investment securities         254,567         107,870         146,697           Treasury stock		· · · · · · · · · · · · · · · · · · ·	-	
TOTAL LIABILITIES         2,280,614         2,141,266         139,348           STOCKHOLDERS' EQUITY           Common stock         265,608         265,608         0           Capital surplus:         203,536         203,536         0           Capital reserve         203,536         203,536         0           Other capital reserve:         10         1         9           Gains on sales of treasuary stock         10         1         9           Retained earnings:         2         203,536         0           Revenue reserve:         8         66,363         66,363         0           Revenue reserve:         8         14,700         9,703         4,997           Reserve for accelerated depreciation         6,648         4,347         2,300           Reserve for losses on overseas investments         -         2         (2)           General reserves         460,000         460,000         0           Unappropriated earnings         40,809         35,329         5,480           Net unrealized gains on investment securities         254,567         107,870         146,697           Treasury stock         (5,153)         (5,169)         15           TOTAL				
STOCKHOLDERS' EQUITY           Common stock         265,608         265,608         0           Capital surplus:         203,536         203,536         0           Capital reserve         203,536         203,536         0           Other capital reserve:         10         1         9           Retained earnings:         2         8         8         1         9         1         9         9         1         9         1         9         9         1         9         1         9         1         9         1         9         1         1         9         9         3         1         1         9         1         1         9         1         1         9         3         1         1         9         1         1         9         1         1         9         1         1         9         1         1         9         1         1         9         1         1         9         1         1         9         1         1         9         1         1         9         1         1         9         1         1         1         9         1         1         1	Total long-term liabilities	952,083	834,382	117,700
Common stock         265,608         265,608         0           Capital surplus:         203,536         203,536         0           Other capital reserve:         30,536         0         0           Gains on sales of treasuary stock         10         1         9           Retained earnings:         10         1         9           Legal reserve         66,363         66,363         0           Revenue reserve:         8         14,700         9,703         4,997           Reserve for reduction in costs of fixed assets         14,700         9,703         4,997           Reserve for accelerated depreciation         6,648         4,347         2,300           Reserve for losses on overseas investments         -         2         (2)           General reserves         460,000         460,000         0           Unappropriated earnings         40,809         35,329         5,480           Net unrealized gains on investment securities         254,567         107,870         146,697           Treasury stock         (5,153)         (5,169)         15    TOTAL STOCKHOLDERS' EQUITY	TOTAL LIABILITIES	2,280,614	2,141,266	139,348
Capital surplus:       203,536       203,536       0         Other capital reserve:       300       0       0       0       0       0       0       0       0       0       0       0       0       0       1       9       9       8       8       1       0       1       9       9       9       7       0       2       0       0       0       0       0       0       0       0       0       0       0       0       0       0       0       9,703       4,997       8       2,907       2,300       2,300       0 <td>STOCKHOLDERS' EQUITY</td> <td></td> <td></td> <td></td>	STOCKHOLDERS' EQUITY			
Capital surplus:       203,536       203,536       0         Other capital reserve:       300       0       0       0       0       0       0       0       0       0       0       0       0       0       1       9       9       8       8       1       0       1       9       9       9       7       0       2       0       0       0       0       0       0       0       0       0       0       0       0       0       0       0       9,703       4,997       8       2,907       2,300       2,300       0 <td>Common stock</td> <td>265 600</td> <td>265 609</td> <td>0</td>	Common stock	265 600	265 609	0
Capital reserve       203,536       203,536       0         Other capital reserve:       6ains on sales of treasuary stock       10       1       9         Retained earnings:       Legal reserve       66,363       66,363       0         Revenue reserve:       Reserve for reduction in costs of fixed assets       14,700       9,703       4,997         Reserve for accelerated depreciation       6,648       4,347       2,300         Reserve for losses on overseas investments       -       2       (2)         General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Net unrealized gains on investment securities       588,522       575,746       12,776         Net unrealized gains on investment securities       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498		203,008	203,008	U
Other capital reserve:         Gains on sales of treasuary stock       10       1       9         Retained earnings:       Legal reserve       66,363       66,363       0         Revenue reserve:       Reserve for reduction in costs of fixed assets       14,700       9,703       4,997         Reserve for accelerated depreciation       6,648       4,347       2,300         Reserve for losses on overseas investments       -       2       (2)         General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Net unrealized gains on investment securities       588,522       575,746       12,776         Net unrealized gains on investment securities       254,567       107,870       146,697         Treasury stock       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498		202 526	202 526	0
Gains on sales of treasuary stock       10       1       9         Retained earnings:       Legal reserve       66,363       66,363       0         Revenue reserve:       Reserve for reduction in costs of fixed assets       14,700       9,703       4,997         Reserve for accelerated depreciation       6,648       4,347       2,300         Reserve for losses on overseas investments       -       2       (2)         General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Net unrealized gains on investment securities       588,522       575,746       12,776         Net unrealized gains on investment securities       254,567       107,870       146,697         Treasury stock       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498		203,330	203,330	U
Retained earnings:         Legal reserve       66,363       66,363       0         Revenue reserve:       Reserve for reduction in costs of fixed assets       14,700       9,703       4,997         Reserve for accelerated depreciation       6,648       4,347       2,300         Reserve for losses on overseas investments       -       2       (2)         General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Net unrealized gains on investment securities       588,522       575,746       12,776         Net unrealized gains on investment securities       254,567       107,870       146,697         Treasury stock       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498		10	1	0
Legal reserve       66,363       66,363       0         Revenue reserve:       Reserve for reduction in costs of fixed assets       14,700       9,703       4,997         Reserve for accelerated depreciation       6,648       4,347       2,300         Reserve for losses on overseas investments       -       2       (2)         General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Subtotal       588,522       575,746       12,776         Net unrealized gains on investment securities       254,567       107,870       146,697         Treasury stock       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498	· · · · · · · · · · · · · · · · · · ·	10	1	,
Revenue reserve:         Reserve for reduction in costs of fixed assets       14,700       9,703       4,997         Reserve for accelerated depreciation       6,648       4,347       2,300         Reserve for losses on overseas investments       -       2       (2)         General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Subtotal       588,522       575,746       12,776         Net unrealized gains on investment securities       254,567       107,870       146,697         Treasury stock       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498		66 363	66 363	0
Reserve for reduction in costs of fixed assets       14,700       9,703       4,997         Reserve for accelerated depreciation       6,648       4,347       2,300         Reserve for losses on overseas investments       -       2       (2)         General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Subtotal       588,522       575,746       12,776         Net unrealized gains on investment securities       254,567       107,870       146,697         Treasury stock       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498	_	00,505	00,505	· ·
Reserve for accelerated depreciation       6,648       4,347       2,300         Reserve for losses on overseas investments       -       2       (2)         General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Subtotal       588,522       575,746       12,776         Net unrealized gains on investment securities       254,567       107,870       146,697         Treasury stock       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498		14 700	9 703	4 997
Reserve for losses on overseas investments         -         2         (2)           General reserves         460,000         460,000         0           Unappropriated earnings         40,809         35,329         5,480           Subtotal         588,522         575,746         12,776           Net unrealized gains on investment securities         254,567         107,870         146,697           Treasury stock         (5,153)         (5,169)         15           TOTAL STOCKHOLDERS' EQUITY         1,307,092         1,147,594         159,498			•	•
General reserves       460,000       460,000       0         Unappropriated earnings       40,809       35,329       5,480         Subtotal       588,522       575,746       12,776         Net unrealized gains on investment securities       254,567       107,870       146,697         Treasury stock       (5,153)       (5,169)       15         TOTAL STOCKHOLDERS' EQUITY       1,307,092       1,147,594       159,498		-	•	*
Unappropriated earnings         40,809         35,329         5,480           Subtotal         588,522         575,746         12,776           Net unrealized gains on investment securities         254,567         107,870         146,697           Treasury stock         (5,153)         (5,169)         15           TOTAL STOCKHOLDERS' EQUITY         1,307,092         1,147,594         159,498		460.000		
Subtotal         588,522         575,746         12,776           Net unrealized gains on investment securities         254,567         107,870         146,697           Treasury stock         (5,153)         (5,169)         15           TOTAL STOCKHOLDERS' EQUITY         1,307,092         1,147,594         159,498			•	-
Net unrealized gains on investment securities         254,567         107,870         146,697           Treasury stock         (5,153)         (5,169)         15           TOTAL STOCKHOLDERS' EQUITY         1,307,092         1,147,594         159,498	11 1			
Treasury stock         (5,153)         (5,169)         15           TOTAL STOCKHOLDERS' EQUITY         1,307,092         1,147,594         159,498				
	·			150 400
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY 3,587,707 3,288,860 298,847	TOTAL STUCKHULDERS' EQUITY	1,307,092	1,147,594	159,498
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,587,707	3,288,860	298,847

# NON-CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (From April 1, 2005 to March 31, 2006)

			(Millions of Yen) Increase
	FY2005	FY2004	(Decrease)
ORDINARY INCOME AND LOSS			,
Oneseting income and loss.			
Operating income and loss: Net sales	2,206,778	2,097,918	108,859
Cost of sales	2,030,993	1,949,423	81,569
Selling, general and administrative expenses	137,562		(20,658)
Operating income(loss)	38,221	(9,726)	
operating meome(1055)	30,221	(5,720)	47,540
Non-operating income:			
Interest and dividend income	22,871	14,857	8,013
Foreign exchange gains		1,523	(1,523)
Other income	5,584	3,669	1,914
Total	28,455	20,050	8,404
Non-operating expenses:			
Interest expense	12,418	12,574	(155)
Foreign exchange losses	9,830	12,571	9,830
Loss on disposal of fixed assets	4,816	3,946	870
Other expenses	7,194	3,438	3,755
Total	34,260	19,960	14,300
ORDINARY INCOME(LOSS)	32,416	(9,635)	42,052
EXTRAORDINARY INCOME AND LOSS			
Extraordinary income:			
Gains on sales of fixed assets	13,825	10,826	2,998
Gains on sales of investment securities	,	15,743	(15,743)
Total	13,825	26,570	(12,745)
Extraordinary expenses:			
Business improvement and restructuring charges	5,069	1,778	3,290
Expense for treatment of PCB waste	4,075		4,075
Provision of reserve for directors' retirement allowance	1,737		1,737
Provision of reserve for product warranties	•	10,889	(10,889)
Losses on damage from natural disasters	•	3,445	(3,445)
Losses on impairment for fixed assets  Total	10,882	- 521 <b>16,634</b>	(521) (5,752)
Total	10,002	10,034	(3,732)
INCOME(LOSS) BEFORE INCOME TAXES	35,359	299	35,059
Income taxes:			
Current	(5,818)	(2,839)	(2,979)
Deferred	14,980	5,147	9,833
Deterred	14,700	3,147	7,033
NET INCOME(LOSS)	26,197	(2,008)	28,205
Retained earnings carried forward from previous period	14,612	37,337	(22,724)
UNAPPROPRIATED EARNINGS	40,809	35,329	5,480