FYE September 2007 Financial Report

November 7, 2007

Company Name SK-Electronics Co., Ltd. Listed Exchange JASDAQ
Code No. 6 6 7 7 URL http://www.sk-el.co.jp
Representative (Title) President (Name) Yoshitada Nogami
Contact (Title) Director, Strategic Planning (Name) Hideaki Horiuchi TEL (075)441－2333
Scheduled Date for Annual Shareholders' Meeting December 21, 2007
Scheduled Divinded Payment Date December 25, 2007
Scheduled Date for Submitting Annual Report December 21, 2007

(Rounded down to the nearest ¥million)

1. CONSOLIDATED RESULTS OF OPERATIONS FOR FYE 9/2007
(OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2007)

(% indicates increases/ decreases vs. Prior Year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥millions	%	¥millions	%	¥millions	%	¥millions	%
FYE 9/2007	18,344	-0.2	174	-90.6	133	-92.9	52	-94.9
FYE 9/2006	18,390	23.4	1,859	-10.0	1,878	-9.3	1,030	1.6

	Net Income per Share		Diluted Net Income per Share		Return on Equity	Ordinary Income to Total Assets Ratio	Operating Income to Net Sales Ratio
	¥	Hundredths	¥	Hundredths	%	%	%
FYE 9/2007	488	50	—	—	0.5	0.5	0.9
FYE 9/2006	9,567	89	—	—	10.0	7.4	10.2

(Reference) Equity in Earnings (Loss) of Unconsolidated Subsidiaries and Affiliates
FYE 9/2007 －million FYE9/2006 －million

(2) Consolidated Financial Standing

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share	
	¥millions	¥millions	%	¥	hundredths
FYE 9/2007	25,376	13,226	44.4	99,371	54
FYE 9/2006	27,062	12,968	39.6	99,583	25

(Reference) Owned Capital FYE 9/2007 11,271 million FYE 9/2006 10,729 million

(3) Selected Consolidated Cash Flow Information

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	¥millions	¥millions	¥millions	¥millions
FYE 9/2007	4,010	-3,586	-375	1,599
FYE 9/2006	4,193	-4,870	1,293	1,553

2. Dividends

(Date of Record)	Interim Period End		Period End		FY		Total Cash Dividends (FY)	Dividend Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	¥	Hundredths	¥	Hundredths	¥	Hundredths	¥ thousands	%	%
FYE 9/2006	—	—	1,900	00	1,900	00	204,710	26.4	2.0
FYE 9/2007	—	—	750	00	750	00	85,070	153.5	0.8
FYE 9/2008 (Projected)			800	00	800	00	—	36.3	—

3. PROJECTIONS OF RESULTS OF OPERATIONS FOR FYE 9/2008 (OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008

(% indicates increase/ decrease compared to Prior Year (Annual) or Prior Interim Period (Interim))

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share	
	¥millions	%	¥millions	%	¥millions	%	¥millions	%	¥	hundredths
Interim	8,800	-9.9	260	101.8	280	109.5	120	31.5	1,057	95
Annual	17,500	-4.6	450	158.4	490	268.4	250	372.4	2,204	05

4. Other

(1) Changes in Material Subsidiaries during the Period (changes in subsidiaries that cause a change in the scope of consolidation) None

(2) Changes in Accounting Principles, Procedures or Methods with respect to the Preparation of Consolidated Financial Statements (changes in important items affecting the preparation of consolidated financial statements)

① Changes due to Revision of Accounting Standards None

② Changes other than ①, above Yes

(3) Shares Issued and Outstanding (Common Stock)

①	Shares Issued and Outstanding, End of Period (including Treasury Stock)	FYE 9/2007	113,684	shares
		FYE 9/2006	108,000	shares
②	Treasury Stock, End of Period	FYE 9/2007	256.65	shares
		FYE 9/2006	257.65	shares

(Reference) Overview of Non-Consolidated Results of Operations

1. NON-CONSOLIDATED RESULTS OF OPERATIONS FOR FYE 9/2007 (OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2007)

(1) Non-Consolidated Results of Operations (% indicates increases/ decreases vs. Prior Year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥millions	%	¥millions	%	¥millions	%	¥millions	%
FYE 9/2007	14,857	-8.4	315	-66.7	533	-56.9	320	-58.7
FYE 9/2006	16,213	20.8	947	4.8	1,236	3.1	774	20.9

	Net Income per Share		Diluted Net Income per Share	
	¥	hundredths	¥	hundredths
FYE 9/2007	2,957	25	—	—
FYE 9/2006	7,192	53	—	—

(2) Non-Consolidated Financial Standing

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share	
	¥millions	¥millions	%	¥	hundredths
FYE 9/2007	19,102	10,489	54.9	92,476	51
FYE 9/2006	21,939	9,653	44.0	89,597	56

(Reference) Owned Capital FYE 9/2007 10,489 million FYE 9/2006 9,653 million

2. PROJECTION OF NON-CONSOLIDATED RESULTS OF OPERATIONS FOR FYE 9/2008 (OCTOBER 1, 2007 THROUGH SEPTEMBER 30, 2008)

(% indicates increase/ decrease compared to Prior Year (Annual) or Prior Interim Period (Interim))

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share	
	¥millions	%	¥millions	%	¥millions	%	¥millions	%	¥	Hundredths
Interim	7,110	-12.1	190	-26.7	210	-31.7	90	-54.6	793	46
Annual	14,130	-4.9	550	74.2	590	10.7	310	-3.2	2,733	03

<u>(Note regarding future projections and statements)</u>

The above forecasts are based on information available at the time, and are based on reasonable information. Actual results may vary from projections due to various factors. Please See Page 6 "1. Results of Operations (3) Next-Period Projections" for more information related to notes to this Financial Report.

1 Results of Operations

(1) Analysis of Results of Operations

Overview of the Current Period

During the current consolidated period, the economy of Japan experienced an increase in capital investment, backed by expanding corporate profits and an improving hiring situation, tracing a note of recovery, however small. As for the global economy, while there are fears of a decline in the economy of the United States due to soaring oil prices and problems in the sub-prime loan market, the economy as a whole has continued to grow bullishly.

In order to respond to the demands of our customers, the SK-Electronics Group continues to focus efforts in creating products with greater customer appeal and in cost reduction activities, closely coordinating among sales, technology, production and management divisions to speedily resolve customer issues related to technology and other concerns, endeavoring to increase customer confidence in the Company.

However, the business environment during the current consolidated period has been quite difficult, and the SK-Electronics Group experienced declines in revenues and profits compared to the prior period. Net Sales during the current consolidated period were ¥18.344 billion (a 0.2% decrease compared to the previous period), while Operating Income was ¥174 million (90.6% decrease compared to the previous period), Ordinary Income was ¥133 million (92.9% decrease compared to the previous period), and Net Income was ¥52 million (94.9% decrease compared to the previous period).

Next, we will report on operations by business segment.

Comprehensive Large-Format Photomask Business

Net Sales	¥18.274 billion	(0.4% increase compared to the prior period)
Operating Income	¥495 million	(78% decrease compared to the prior period)

During the current consolidated period, the liquid crystal panel industry has experienced tremendous increase in the volumes produced by each panel manufacturer. Production lines for liquid crystal television panels are running at full capacity, and the new production lines of the Taiwanese and Korean panel manufacturers coming online as well.

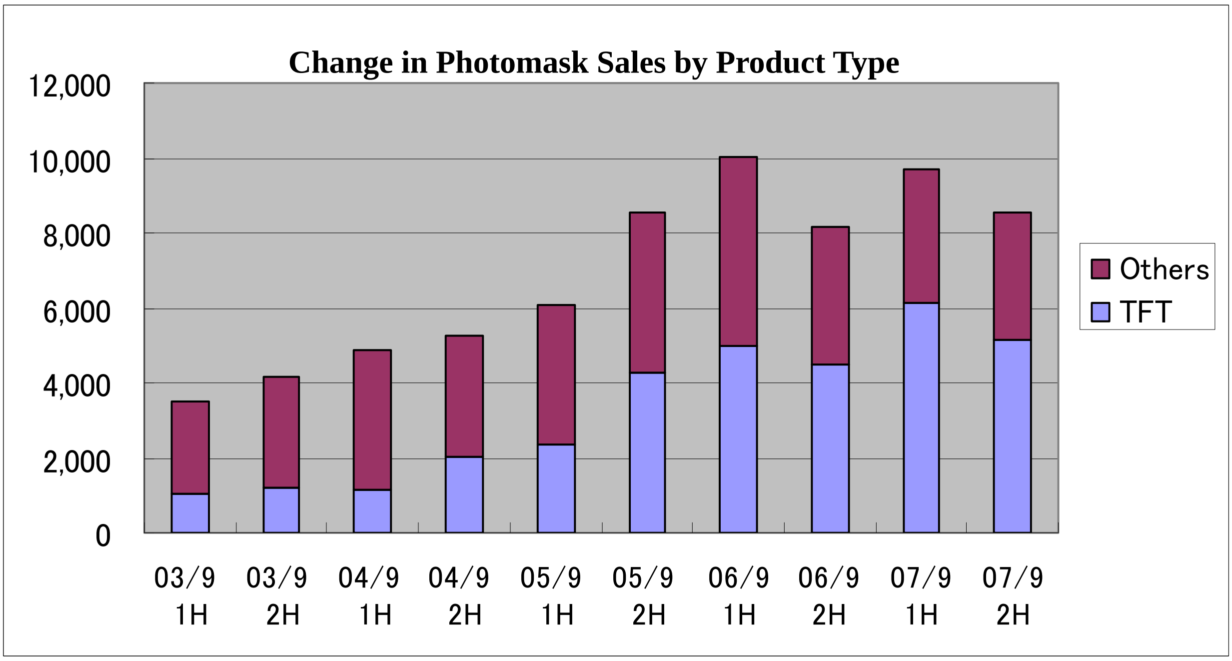
During the third quarter of fiscal year ended September 2006 (April through June, 2006) the market for our mainstay comprehensive large-format photomasks reached a low point. While demand as a whole has started to recover, downward pressure on photomask unit prices by liquid crystal panel manufacturers remains, and conditions continue to be difficult.

The Company had been projecting increased demand for photomasks to be used in the new large-scale production lines of the Taiwanese and Korean manufacturers, as well as for photomasks to be used in new model development during the time of year when the production lines of the panel manufacturers are slowest.

However, the industry experienced distribution inventory shortages beginning April 2007. The resulting tight demand forced panel manufacturers to transition to full production earlier than anticipated by the SK-Electronics Group, causing a decline in demand for photomasks to be used in new model development. In addition, Japan's small- and mid-sized panel manufacturers experienced an economic slowdown, and new product lines were introduced by Japan's panel-manufacturing powerhouses more quickly than expected, again, decreasing demand for development-use photomasks, and resulting in a sharp decline for Company sales in Japan.

As a result, Net Sales in the Comprehensive Large-Format Photomask Business during the current consolidated period amounted to ¥18.274 billion (a 0.4% increase compared to the prior period), with Operating Income of ¥495 million (a 78% decrease compared to the prior period).

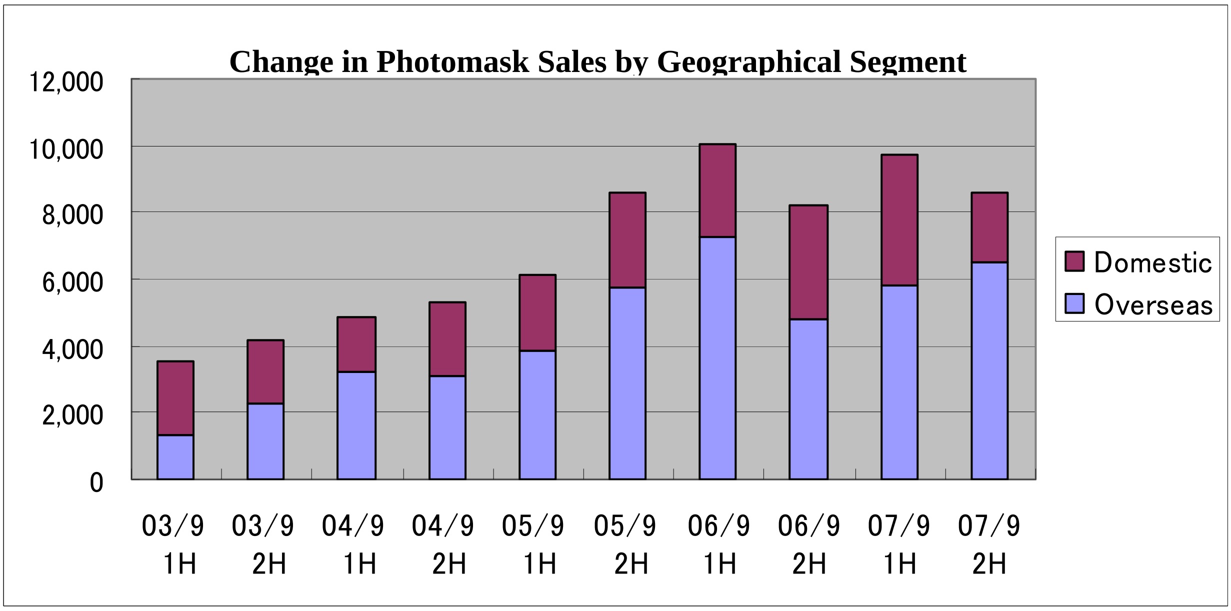
According to product, sales of our TFT Photomask increased by 19.0% over the prior period to ¥11.288 billion, recording record sales levels pushed by our TFT sales strategy, started five years ago.



(Reference) Change in Photomask Sales by Product Type　(Unit：Millions of yen)

	03/9 1H	03/9 2H	04/9 1H	04/9 2H	05/9 1H	05/9 2H	06/9 1H	06/9 2H	07/9 1H	07/9 2H
TFT	1, 025	1, 188	1, 160	2, 021	2, 370	4, 269	5, 005	4, 479	6, 156	5, 131
Others	2, 490	2, 949	3, 732	3, 258	3, 736	4, 291	5, 025	3, 700	3, 555	3, 431
Total	3, 515	4, 137	4, 892	5, 279	6, 107	8, 560	10, 031	8, 179	9, 711	8, 563

By geographical segment, even though domestic sales increased drastically in the first half of the fiscal year, decrease of new development by domestic panel manufactures in the second half caused a sharp decline in demand for photomasks to be used in new model development, resulting a decrease of 2.6% year-on-year to 5,977million yen. Overseas sales increased by 1.8% year-on-year to 12,297 million yen because of a demand for large and fine resolution photomasks from overseas customers in the forth quarter.



(Reference) Change in Photomask Sales by Geographical Segment (Unit: Millions of yen)

	03/9 1H	03/9 2H	04/9 1H	04/9 2H	05/9 1H	05/9 2H	06/9 1H	06/9 2H	07/9 1H	07/9 2H
Overseas	1,330	2,260	3,226	3,113	3,871	5,718	7,280	4,796	5,823	6,474
Domestic	2,185	1,877	1,666	2,166	2,236	2,842	2,750	3,383	3,888	2,088
Total	3,515	4,137	4,892	5,279	6,107	8,560	10,031	8,179	9,711	8,563

circuit verification support tool Buisiness

Net Sales	69 million yen	Down61.0% year-on-year
Operating Loss	156 million yen	135 million yen loss in the previous year

During the current consolidated period, the LSI industry experienced overall healthy growth.

In response to these conditions, the SK-Electronics Group has engaged in the development and sales of the "Accverinos" series of products, designed to substantially contract the validation time during research and development work for image, video, and communications semiconductor products and circuit technologies, for which demand continues to grow yearly for greater scale and greater speed.

However, despite our aggressive sales activities, it has taken longer than expected for customers to widely recognize the benefits of switching from traditional verification methods to the method espoused by the Company, and orders have been less than originally planned.

* During the October 9, 2007 meeting of the Board of Directors, the Company resolved to divest its Circuit Verification Support Tool Business, selling the business to Accverinos Co., Ltd. (Yokohama City, Kanagawa Prefecture) as of October 16, 2007.

(2) Next-Period Projections

Regarding the demand for large-format photomasks, in the mid to long term we expect an increase in demand from liquid crystal panel manufacturers mainly for LCD TVs as well as an increase in demand resulting from investment in a new large-format product line. Moreover, in the future we can expect progress in the development of new applications, and thus we believe we can continue to maintain steady growth.

Regarding our projections for the next period, although our business results may vary depending on the revenue status of liquid crystal panel manufacturers as well as the new product line launch schedule, we can expect a steady growth in the overall demand for photomasks despite the absence of a sharp increase in demand. However, it is projected that end-product prices such as for LCD TVs will continue to fall, and as a result, liquid crystal panel manufacturers will continue to ask for reductions in material costs in order to secure profits. Thus, we can expect a fall in photomask prices as well, and we will continue to face a challenging business environment. Against this backdrop, we as a corporate group will strive to differentiate ourselves by enhancing our technical proposal capabilities by researching customer needs in advance as well as our ability to provide a speedy response by coordinating our sales, technical, production, and management efforts. In addition, in order to minimize the effects of a further fall in unit prices, we will focus on cost reduction efforts including a fundamental reexamination of our business model.

Regarding our business results forecast for the next period, we expect a consolidated net sales of 17.5 billion yen which is a 4.6% decrease compared to the previous period, and a non-consolidated net sales of 14.1 billion yen which is a 4.9% decrease. In terms of profit, we expect a consolidated ordinary income of 490 million yen which is a 268.4% increase compared to the previous period, and a non-consolidated ordinary income of 560 million yen which is a 5.1% increase.

We would like to ask you for your continued support as we strive to expand our company as a cutting-edge company which has a major role in supporting the electronics industry.

(2) Analysis of Financial Condition

① Assets, Liabilities, and Net Assets

Assets totaled ¥25.376 billion at the end of the current fiscal year, representing a $1.686 billion decrease compared to the end of the prior fiscal year. This decrease was mainly due to ongoing Depreciation of Machinery, Equipment and Vehicles, as well as a decrease in Inventory.

Total liabilities decreased $1.944 billion compared to the end of the prior fiscal year, totaling ¥12.149 billion. This decrease was mainly due to decreases in Short-Term Loans.

Net Assets at the end of the current fiscal year were ¥13.226 billion, representing a ¥258 million increase compared to the end of the prior fiscal year. This was mainly due to increases in equity through an Allocation of Shares to a Third Party and Capital Surplus, a decrease in Retained Earnings, and a decrease in Minority Interest in Consolidated Subsidiaries.

②Cash Flows

Cash and Cash Equivalents (“Cash”) were ¥1.599 billion, a ¥46 million increase compared to the end of the prior fiscal year.

(Cash Flows from Operating Activities)

Cash earned from Operating Activities during the current consolidated period totaled ¥4.010 billion (¥183 million decrease compared to the prior period). The decrease was mainly due to a Net Income before Taxes and Other Adjustments of ¥118 million (decrease of ¥1.762 billion compared to the prior period), Depreciation Expenses of ¥3.449 billion (¥564 million increase compared to the prior period), Decrease in Accounts Receivable of ¥854 million (1.043 billion increase compared to the prior period), an Inventory decrease of ¥982 million (¥1.413 billion increase compared to the prior period), a decrease in Accounts Payable of ¥416 million (¥1.152 billion increase compared to the prior period), and payments of Corporate Taxes amounting to ¥428 million (¥242 million decrease compared to the prior period).

(Cash Flows from Investing Activities)

Cash used as a result of Investing Activities during the current consolidated period was ¥3.586 billion (decrease of ¥1.284 billion compared to the prior period). The decrease was mainly due to payments of ¥5.092 billion (¥256 increase compared to the prior period) for the purchase of Tangible Fixed Assets, and income of ¥1.584 billion (increase of ¥1.584 billion compared to the prior period) generated from the sale of Tangible Fixed Assets.

(Cash Flows from Financing Activities)

Cash resulting from Financing Activities during the current consolidated period was ¥375 million (a ¥1.668 billion decrease compared to the prior period). This decrease was mainly due to a net reduction of Short-Term Loans of ¥2.071 billion (net gain of ¥1.510 billion compared to the prior period), cash inflow of ¥3.295 billion (¥1.105 billion increase compared to the prior period) in Long-Term Loans, and a cash outlay of ¥1.568 billion (¥205 million increase compared to the prior period) for the repayment of Long-Term Loans.

(Reference) Cash-Flow Ratio Trends

	FYE 9/2005	FYE 9/2006	FYE 9/2007
Equity Ratio (%)	41.2	39.6	44.4
Market Value Equity Ratio (%)	133.5	75.3	30.5
Interest-Bearing Liabilities to Cash Flow (%)	5.4	2.0	1.9
Interest Coverage Ratio (times)	12.2	33.4	25.6

※Equity Ratio: Owned Capital / Total Assets
Market Value Equity Ratio: Market Capitalization / Total Assets
Interest-Bearing Liabilities to Cash Flow: Interest-Bearing Liabilities / Cash Flows
Interest Coverage Ratio: Cash Flows / Interest Payments

(Note) 1. The above indices have been calculated using consolidated financial figures.
2. Market Capitalization: Closing Share Price at Year End × Total Shares Issued and Outstanding at Year End
3. Cash Flows used are Cash Flows from Operating Activities.
4. Interest-Bearing Liabilities are all consolidated liabilities from the Balance Sheet for which interest is being paid.
5. Interest Payments is the amount of interest paid from the Statement of Cash Flows.

(3)

(1) Our Basic Policy regarding Profit Distribution

Basic Management Policies regarding Profit Distribution and Current Period/ Next Period Dividends

The Company believes that sharing Company profits with our shareholders is one of our most important management concerns, and our Basic Policy is to implement consistent profit distributions to our shareholders, in proper consideration of changes in the operating results of the Company. We will declare dividends in light of the availability of internal funds required for investment in equipment and research and development to expand our business, and our projections of future operating results, etc.

The Company intends to proactively utilize internal reserves for business management improvements and research and development activities as a means to deal with the constant and dramatic changes in technology.

(2) Dividends for this Period

For this period, we plan to distribute period-end dividends amounting to 750 yen per share in accordance with our basic policy regarding profit distribution.

(3) Projections regarding the Distribution of Dividends from Surplus for the Next Period

Regarding our company's dividends from surplus for the period ending September 2008, we are planning to distribute dividends amounting to 800 yen per share in accordance with our basic policy regarding profit distribution.

3　Management Policies

(1) Basic Company Management Policies

The guiding management policy of the Company is "Creation and Harmony." Our goal is to be a Company that pursues harmony among business, society, nature and people, contributing to an abundant society, both physically and spiritually, through the creation of beneficial products that meet society's needs.

Our Company aims to build a management structure capable of building continued growth and revenues through the effective utilization of internal and external management resources, responding quickly and appropriately to environmental changes in the rapidly growing Electronics Industry. At the same time, we also wish to contribute to society as a socially valuable technology company that plays a significant role in the fine-technology based electronics industry.

(2) Objectives and Management Performance Indicators

The main performance indicators targeted by the SK-Electronics Group are as follows:

	FYE 9/2005	FYE 9/2006	FYE 9/2007	Target
Net Sales to Ordinary Income Ratio <Profitability Indicator>	13.9%	10.2%	0.7%	10.0% or greater
Equity Ratio <Safety Indicator>	41.2%	39.6%	44.4%	40.0% or greater
Net Sales to R&D Cost Ratio <New Development Indicator>	1.9%	1.5%	1.5%	5.0%

* The indicators above are calculated based on consolidated financial figures.

* Management is currently preparing supplemental discussions for the preceding indicators.
* Regarding the "Net Sales to Ordinary Income Ratio" which is a profitability indicator, although the figures are declining due to the rapid escalation of competition within this market in recent years, we plan to improve profitability by reducing costs such as material costs and by enhancing added value through differentiation.
* Regarding the "Equity Ratio" which is a safety indicator, although continued capital investment coordinated with market trends has resulted in the current level, we will continue to strive to improve these figures through the repayment of interest-bearing debt from cash flow from operating activities, as well as by considering various capital procurement methods such as raising capital from capital markets, etc.
* We use the "Net Sales to R&D Cost Ratio" which is an indicator of new development, to determine whether we are actively developing new technology necessary for the continued growth of our company.　At the present time, we have not yet reached the target level, but we will continue to focus our efforts to achieve the target level in the future.

(3) Mid- and Long-Term Management Strategy and Important Issues

The environment surrounding the Company's mainstay Comprehensive Large-Format Photomask Business is extremely difficult at present, with liquid crystal panel manufacturers demanding continued price cuts in photomask unit prices and increased price competition among Company competitors. In response to this environment, the Company has come together as one in pursuit of the following three goals, in order to achieve continued growth and profitability for our shareholders. These goals have been built around the concept of "speed" and "the creation of future value through wisdom and passion.

①　Greater profitability in our current Comprehensive Large-Format Photomask Business

In our Comprehensive Large-Format Photomask Business, we have invested in marketing in order to minimize the effects on our business of capital investment decisions and production trends by the liquid crystal panel manufacturers. We have also worked to improve productivity, lower fixed costs, and reduce raw materials costs as means to improve our profitability in order to continue to increase our capacity to combat downward pressures on photomask unit prices as well as price competition introduced by our competitors.

② Vertical Startup of Next-Generation Large-Format Photomask Factory

The mid- and log-term liquid crystal panel market is seeing a steady progression toward large-format panels, mainly in connection with liquid crystal televisions, as seen by evidence such as Sharp Corporation's recent announcement of a new 10^{th}-generation large-format liquid crystal panel factory to be built in Sakai City, Osaka. Projections indicate that each of the liquid crystal panel manufacturers will be investing in new 8^{th}-generation and next-generation production lines in order to cope with increasing demand and the trend toward large-format panels.

In response to these market trends, the Company has decided to be the first among our competitors to build a next-generation large-format photomask production factory, engaging now in activities targeting a vertical startup scheduled to be under operation during FYE 9/2009.

③ Early Commercialization of New Business Segments

Projections indicate that the Comprehensive Large-Format Photomask Business will experience increased demand for large-format panels, driven by the liquid crystal television market; however, it appears from a long-term perspective that the market is steadily reaching a stage of maturity, with slowing growth rates. For the SK-Electronics Group to achieve continuing growth, we must construct business segments that will become new pillars of revenue in as early a time frame as possible. The Company is studying internal research and development, the adoption of external technologies, and other initiatives across a wide range, aiming for early business commercialization by engaging in the efficient engagement of management resources.

(4) Internal Management Structure Development/ Operations

A discussion of this topic can be found in our corporate governance report, "Basic Philosophies regarding Internal Control Systems and the State of their Effectiveness."

4 Consolidated Financial Statements

(1) Consolidated Balance Sheet

		Prior Consolidated Fiscal Year (FYE 9/2006)			Current Consolidated Fiscal Year (FYE 9/2007)		
Accounts	Note	Amount (¥thousands)		Ratio (%)	Amount (¥thousands)		Ratio (%)
(Assets)							
I Current Assets							
1 Cash and Deposits	※2		1,553,423			1,599,449	
2 Notes and Accounts Receivable, Trade	※3		5,736,123			4,818,209	
3 Inventory			3,304,883			2,327,507	
4 Deferred Tax Assets			83,065			50,661	
5 Consumption Tax Receivable			241,288			—	
6 Accounts Receivable			—			838,087	
7 Other			79,755			55,304	
Allowance for Doubtful Accounts			-38,132			-31,922	
Total Current Assets			10,960,407	40.5		9,657,298	38.1
II Fixed Assets							
1 Tangible Fixed Assets	※1						
(1) Buildings and Structures	※2		2,941,247			2,759,515	
(2) Machinery, Equipment and Vehicles	※2		10,769,330			9,341,364	
(3) Land	※2		904,751			1,574,035	
(4) Construction in Progress			762,790			1,358,351	
(5) Other			173,654			153,549	
Total Tangible Fixed Assets			15,551,774	57.5		15,186,816	59.8
2 Intangible Fixed Assets							
(1) Software			93,772			86,836	
(2) Other			7,535			—	
Total Intangible Fixed Assets			101,308	0.4		86,836	0.3
3 Investments and Other Assets							
(1) Investment Securities			287,626			271,298	
(2) Long-Term Loans			778			733	
(3) Other			162,179			204,229	
Allowance for Doubtful Accounts			-1,486			-30,671	
Total Investments and Other Assets			449,097	1.6		445,588	1.8
Total Fixed Assets			16,102,181	59.5		15,719,241	61.9
Total Assets			27,062,588	100.0		25,376,539	100.0

		Prior Consolidated Fiscal Year (FYE 9/2006)		Current Consolidated Fiscal Year (FYE 9/2007)	
Accounts	Note	Amount (¥thousands)	Ratio (%)	Amount (¥thousands)	Ratio (%)
(Liabilities)					
I Current Liabilities					
1 Notes and Accounts Payable, Trade	※3	4,276,422		3,843,533	
2 Short-Term Loans	※2	2,571,820		502,189	
3 Current Portion of Long-Term Debt	※2	1,197,398		1,844,054	
4 Accounts Payable		113,815		139,100	
5 Accrued Expenses		237,413		257,848	
6 Accrued Corporate Taxes		185,322		—	
7 Reserve for Directors' Bonuses		48,000		—	
8 Equipment Notes Payable	※3	560,503		111,353	
9 Current Portion of Equipment Accounts Payable		506,741		338,374	
10 Other		198,415		253,928	
Total Current Liabilities		9,895,853	36.6	7,290,381	28.7
II Long-Term Liabilities					
1 Long-Term Loans Payable	※2	3,177,601		4,196,881	
2 Long-Term Equipment Accounts Payable		933,523		595,149	
3 Deferred Tax Liabilities		22,348		7,095	
4 Other		64,820		60,220	
Total Long-Term Liabilities		4,198,293	15.5	4,859,345	19.2
Total Liabilities		14,094,146	52.1	12,149,727	47.9

		Prior Consolidated Fiscal Year (FYE 9/2006)		Current Consolidated Fiscal Year (FYE 9/2007)	
Accounts	Note	Amount (¥thousands)	Ratio (%)	Amount (¥thousands)	Ratio (%)
(Net Assets)					
I Shareholders' Equity					
1 Capital Stock		3,729,025	13.8	4,109,722	16.2
2 Capital Surplus		3,954,782	14.6	4,335,413	17.1
3 Retained Earnings		2,912,916	10.7	2,761,112	10.9
4 Treasury Stock		-48,579	-0.2	-48,390	-0.2
Total Shareholders' Equity		10,548,144	38.9	11,157,857	44.0
Ⅱ Valuation and Translation Adjustments					
1 Valuation Differences for Other Securities		86,790	0.3	45,540	0.2
2 Foreign Exchange Translation Adjustment		94,398	0.4	68,052	0.2
Total Valuation and Translation Adjustments		181,188	0.7	113,592	0.4
Ⅲ Minority Interest in Consolidated Subsidiaries		2,239,108	8.3	1,955,362	7.7
Total Net Assets		12,968,441	47.9	13,226,812	52.1
Total Liabilities and Net Assets		27,062,588	100.0	25,376,539	100.0

(2) Consolidated Statement of Income

		Prior Consolidated Fiscal Year (From October 1, 2005 To September 30, 2006)			Current Consolidated Fiscal Year (From October 1, 2006 To September 30, 2007)		
Accounts	Note	Amount (¥thousands)		(%)	Amount (¥thousands)		(%)
Ⅰ Net Sales			18,390,167	100.0		18,344,870	100.0
Ⅱ Cost of Sales			14,404,576	78.3		16,281,933	88.8
Gross Profit			3,985,590	21.7		2,062,936	11.2
Ⅲ Selling, General and Administrative Expenses	※1,2		2,125,711	11.6		1,888,787	10.3
Operating Income			1,859,879	10.1		174,149	0.9
Ⅳ Non-Operating Income							
1 Interest Income		620			983		
2 Dividend Income		2,365			3,606		
3 Real Estate Rental Income		24,379			24,112		
4 Commissions Received		—			30,909		
5 Foreign Exchange Gains		74,981			71,873		
6 Reversal of Allowance for Doubtful Accounts		25,968			—		
7 Other		52,536	180,852	1.0	26,985	158,470	0.9
Ⅴ Non-Operating Expenses							
1 Interest Expense		122,044			156,183		
2 Cost of Real Estate Rentals		10,182			13,103		
3 Lease Payments		29,460			29,460		
4 Other		633	162,321	0.9	851	199,598	1.1
Ordinary Income			1,878,411	10.2		133,021	0.7
Ⅵ Extraordinary Income							
1 Subsidies	※3	30,000	30,000	0.1	44,726	44,726	0.2
Ⅶ Extraordinary Loss							
1 Loss on Disposal of Fixed Assets	※4	27,374			27,874		
2 Provision for Doubtful Accounts		—	27,374	0.1	31,445	59,319	0.3
Income before Income Taxes and Other			1,881,036	10.2		118,427	0.6
Corporate, Residence, and Business Taxes		452,598			188,808		
Prior Year Corporate, Residence, and Business Taxes		—			32,289		
Adjustments for Corporate and Other Taxes		106,964	559,562	3.0	29,626	250,724	1.3
Minority Interest in Income or Loss (-)			290,589	1.6		-185,218	-1.0
Net Income			1,030,883	5.6		52,921	0.3

(3) Consolidated Statement of Changes in Shareholders' Equity

Prior Consolidated Fiscal Year (From October 1, 2005 to September 30, 2006)

(Unit: ¥thousands)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance on September 30, 2005	3,729,025	3,954,782	2,131,531	-47,008	9,768,330
Changes during the Consolidated Fiscal Year					
Dividends from Surplus			-193,943		-193,943
Director and Corporate Auditor Bonuses			-51,000		-51,000
Special Employee Bonuses			-4,555		-4,555
Net Income			1,030,883		1,030,883
Purchase of Treasury Stock				-1,571	-1,571
Changes during the Consolidated Fiscal Year (net) in Accounts other than Shareholders' Equity					
Total Changes during the Consolidated Fiscal Year			781,384	-1,571	779,813
Balance on September 30, 2006	3,729,025	3,954,782	2,912,916	-48,579	10,548,144

	Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Valuation Differences in Available-for-Sale Securities	Translation Adjustments	Total Valuation and Translation Adjustments		
Balance on September 30, 2005	43,955	-21,795	22,159	1,983,024	11,773,514
Changes during the Consolidated Fiscal Year					
Dividends from Surplus					-193,943
Director and Corporate Auditor Bonuses					-51,000
Special Employee Bonuses					-4,555
Net Income					1,030,883
Purchase of Treasury Stock					-1,571
Changes during the Consolidated Fiscal Year (net) in Accounts other than Shareholders' Equity	42,835	116,193	159,028	256,084	415,113
Total Changes during the Consolidated Fiscal Year	42,835	116,193	159,028	256,084	1,194,926
Balance on September 30, 2006	86,790	94,398	181,188	2,239,108	12,968,441

(Note) Special Employee Bonuses occurred with respect to Finex Co., Ltd., a consolidated subsidiary company.

Current Consolidated Fiscal Year (From October 1, 2006 to September 30, 2007)

(Unit: ¥thousands)

	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balance on September 30, 2006	3,729,025	3,954,782	2,912,916	-48,579	10,548,144
Changes during the Consolidated Fiscal Year					
Issuance of New Shares	380,697	380,697			761,394
Dividends from Surplus			-204,710		-204,710
Special Employee Bonuses					
Net Income			52,921		52,921
Disposal of Treasury Stock		-65	-14	188	107
Changes during the Consolidated Fiscal Year (net) in Accounts other than Shareholders' Equity					
Total Changes during the Consolidated Fiscal Year	380,697	380,631	-151,803	188	609,713
Balance on September 30, 2007	4,109,722	4,335,413	2,761,112	-48,390	11,157,857

	Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Valuation Differences in Available-for-Sale Securities	Translation Adjustments	Total Valuation and Translation Adjustments		
Balance on September 30, 2006	86,790	94,398	181,188	2,239,108	12,968,441
Changes during the Consolidated Fiscal Year					
Issuance of New Shares					761,394
Dividends from Surplus					-204,710
Special Employee Bonuses					
Net Income					52,921
Disposal of Treasury Stock					107
Changes during the Consolidated Fiscal Year (net) in Accounts other than Shareholders' Equity	-41,250	-26,345	-67,596	-283,746	-351,342
Total Changes during the Consolidated Fiscal Year	-41,250	-26,345	-67,596	-283,746	258,370
Balance on September 30, 2007	45,540	68,052	113,592	1,955,362	13,226,812

(4) Consolidated Statement of Cash Flows

Accounts	Note	Prior Consolidated Fiscal Year (From October 1, 2005 To September 30, 2006) Amount (¥thousands)	Current Consolidated Fiscal Year (From October 1, 2006 To September 30, 2007) Amount (¥thousands)
I Cash Flows from Operating Activities			
1 Income before Income Taxes and Other		1,881,036	118,427
2 Depreciation Expense		2,885,160	3,449,634
3 Increase in Allowance for Doubtful Accounts		9,709	23,804
4 Increase in Reserve for Directors' Bonuses (Decrease(-))		48,000	-48,000
5 Interest Income and Dividend Income		-2,985	- 983
6 Interest Expense		122,044	156,183
7 Loss on Disposal of Fixed Assets		27,374	27,874
8 Decrease in Accounts Receivable (Increase(-))		-189,012	854,007
9 Decrease in Inventory (Increase(-))		-430,879	982,709
10 Increase in Accounts Payable (Decrease(-))		736,111	-416,176
11 Increase in Other Accounts Payable		9,942	25,584
12 Decrease in Consumption Tax Receivable		209,886	241,288
13 Bonuses Paid to Directors		-51,000	—
14 Other		-267,470	-819,248
Subtotal		4,987,918	4,595,107
15 Interest and Dividends Received		2,976	816
16 Interest Paid		-125,477	-156,871
17 Corporate and Other Taxes Paid		-671,815	-428,946
Cash Flows from Operating Activities		4,193,602	4,010,106
II Cash Flows from Investing Activities			
1 Expenditures for the Acquisition of Tangible Fixed Assets		-4,836,516	-5,092,872
2 Income from the Sale of Tangible Fixed Assets		—	1,584,701
3 Expenditures for the Acquisition of Intangible Fixed Assets		-40,887	-24,897
4 Expenditures for the Acquisition of Investment Securities		-11,400	-53,000
5 Increase in Loan Receivables		—	-800
6 Collection of Loans		1,018	845
7 Other		16,857	-100
Cash Flows from Investing Activities		-4,870,928	-3,586,124
III Cash Flows from Financing Activities			
1 Net Increase in Short-Term Loans (Decrease(-))		1,510,805	-2,071,418
2 Proceeds from Long-Term Loans Payable		2,190,000	3,295,430
3 Repayment of Long-Term Loans Payable		-1,363,538	-1,568,612
4 Repayment of Long-Term Equipment Accounts Payable		-734,704	-506,741
5 Proceeds from the Issuance of Stock		—	761,394
6 Expenditure for the Purchase of Treasury Stock		-1,571	—
7 Proceeds from the Sale of Treasury Stock		—	107
8 Cash Dividends		-193,943	-204,710
9 Payment of Cash Dividends to Minority Shareholders		-113,901	-80,581
Cash Flows from Financing Activities		1,293,146	-375,131
IV Exchange Differences in Cash and Cash Equivalents		4,030	-2,823
V Increase in Cash and Cash Equivalents		619,851	46,025
VI Cash and Cash Equivalents, Beginning of Period		933,572	1,553,423
VII Cash and Cash Equivalents, End of Period	※1	1,553,423	1,599,449

(Segment Information)

1 Segment Information by Business

Prior Consolidated Fiscal Year (From October 1, 2005 to September 30, 2006)

	Comprehensive Large-Format Photomask Business (¥thousands)	Circuit Verification Support Tool Business (¥thousands)	Total (¥thousands)	Elimination or Corporate (¥thousands)	Consolidated (¥thousands)
I Net Sales and Operating Income					
Net Sales					
(1) Net Sales to Outside Customers	18,210,848	179,319	18,390,167	—	18,390,167
(2) Inter-Segment Sales/ Transfers	—	—	—	—	—
Total	18,210,848	179,319	18,390,167	—	18,390,167
Operating Expenses	15,959,436	315,059	16,274,495	255,792	16,530,288
Operating Income or Operating Expense (-)	2,251,411	-135,740	2,115,671	(255,792)	1,859,879
II Expenditures related to Assets, Depreciation Expense, or Capital					
Assets	24,565,410	175,454	24,740,864	2,321,723	27,062,588
Depreciation Expense	2,834,709	5,492	2,840,201	44,958	2,885,160
Capital-Related Expenditures	4,672,489	9,773	4,682,263	128,884	4,811,147

(Note) 1 Segment classifications are made based on a consideration of the type and similar nature of the products in question.

2 Major Products by Segment

(1) Comprehensive Large-Format Photomask Business……Design/manufacture of photomasks for display devices, photomasks for hybrid ICs, photomasks for etching, and photomasks for various types of gauges

(2) Circuit Verification Support Tool Business………Circuit design, pattern design, manufacture of printed circuit boards, and development/manufacture of various types of test boards

3 The amount of unallocated Operating Expenses included in "Elimination or Corporate" accounts totaled ¥255,792 thousand, the majority of which were costs related to Company administrative functions.

4 The amount of total Company assets included in the "Elimination or Corporate" category amounted to ¥2,321,723 thousand, the majority of which consisted of surplus funds (cash), long-term investment funds (Investment Securities), and assets in the Administrative and Property Management divisions.

Current Consolidated Fiscal Year (From October 1, 2006 to September 30, 2007)

	Comprehensive Large-Format Photomask Business (¥thousands)	Circuit Verification Support Tool Business (¥thousands)	Total (¥thousands)	Elimination or Corporate (¥thousands)	Consolidated (¥thousands)
I Net Sales and Operating Income					
Net Sales					
(1) Net Sales to Outside Customers	18,274,879	69,991	18,344,870	—	18,344,870
(2) Inter-Segment Sales/ Transfers	—	—	—	—	—
Total	18,274,879	69,991	18,344,870	—	18,344,870
Operating Expenses	17,779,813	226,871	18,006,685	164,035	18,170,720
Operating Income or Operating Expense (-)	495,065	-156,880	338,184	(164,035)	174,149
II Expenditures related to Assets, Depreciation Expense, or Capital					
Assets	23,131,107	131,944	23,263,052	2,113,487	25,376,539
Depreciation Expense	3,389,367	9,989	3,399,357	50,277	3,449,634
Capital-Related Expenditures	3,464,907	841	3,465,748	25,738	3,491,486

(Note) 1 Segment classifications are made based on a consideration of the type and similar nature of the products in question.

2 Major Products by Segment

(1) Comprehensive Large-Format Photomask Business……Design/manufacture of photomasks for display devices, photomasks for hybrid ICs, photomasks for etching, and photomasks for various types of gauges

(2) Circuit Verification Support Tool Business………Circuit design, pattern design, manufacture of printed circuit boards, and development/manufacture of various types of test boards

3 The amount of unallocated Operating Expenses included in "Elimination or Corporate" accounts totaled ¥164,035 thousand, the majority of which were costs related to Company administrative functions.

4 The amount of total Company assets included in the "Elimination or Corporate" category amounted to ¥2,113,487 thousand, the majority of which consisted of surplus funds (cash), long-term investment funds (Investment Securities), and assets in the Administrative and Property Management divisions.

2 Segment Information by Geographical Location

Prior Consolidated Fiscal Year (From October 1, 2005 to September 30, 2006)

	Japan (¥thousands)	Asia (¥thousands)	Total (¥thousands)	Elimination or Corporate (¥thousands)	Consolidated (¥thousands)
I Net Sales and Operating Income					
Net Sales					
(1) Net Sales to Outside Customers	11,914,538	6,475,629	18,390,167	—	18,390,167
(2) Inter-Segment Sales/ Transfers	4,299,225	252,065	4,551,290	(4,551,290)	—
Total	16,213,763	6,727,694	22,941,457	(4,551,290)	18,390,167
Operating Expenses	15,010,405	6,017,948	21,028,353	(4,498,064)	16,530,288
Operating Income	1,203,358	709,746	1,913,104	(53,225)	1,859,879
II Assets	20,008,492	7,423,216	27,431,709	(369,120)	27,062,588

(Note) 1. Basis for geographic segmentation of countries or regions and major components of each segment

(1) Countries and regions are segmented by geographical proximity.

(2) Major components Asia: Taiwan

2 . Unallocated operating expenses included in the "Elimination or Corporate" category totaled ¥255,792 thousand, the majority of which are the costs for the Company's administrative functions.

3 . The amount of total Company assets included in the "Elimination or Corporate" category amounted to ¥2,321,723 thousand, the majority of which consisted of surplus funds (cash), long-term investment funds (Investment Securities), and assets in the Administrative and Property Management divisions.

Current Consolidated Fiscal Year (From October 1, 2006 to September 30, 2007)

	Japan (¥thousands)	Asia (¥thousands)	Total (¥thousands)	Elimination or Corporate (¥thousands)	Consolidated (¥thousands)
I Net Sales and Operating Income					
Net Sales					
(1) Net Sales to Outside Customers	12,161,463	6,183,407	18,344,870	—	18,344,870
(2) Inter-Segment Sales/ Transfers	2,695,868	93,623	2,789,491	(2,789,491)	—
Total	14,857,331	6,277,030	21,134,362	(2,789,491)	18,344,870
Operating Expenses	14,377,548	6,705,010	21,082,559	(2,911,838)	18,170,720
Operating Income	479,783	-427,980	51,802	122,346	174,149
II Assets	17,309,838	8,924,398	26,234,236	(857,696)	25,376,539

(Note) 1. Basis for geographic segmentation of countries or regions and major components of each segment

(1) Countries and regions are segmented by geographical proximity.

(2) Major components Asia: Taiwan, South Korea

2. Unallocated operating expenses included in the "Elimination or Corporate" category totaled ¥164,035 thousand, the majority of which are the costs for the Company's administrative functions.

3. The amount of total Company assets included in the "Elimination or Corporate" category amounted to ¥2,113,487 thousand, the majority of which consisted of surplus funds (cash), long-term investment funds (Investment Securities), and assets in the Administrative and Property Management divisions.

3 Overseas Net Sales

Prior Consolidated Fiscal Year (From October 1, 2005 to September 30, 2006)

	Asia	Other	Total
I Overseas Net Sales (¥thousands)	7,290,989	—	7,290,989
II Consolidated Net Sales (¥thousands)			18,390,167
III Ratio of Overseas Net Sales to Consolidated Net Sales (%)	39.6	—	39.6

(Note) 1. Segmentation of countries and regions is based on geographical proximity.
2. Major countries and regions outside Japan
Asia: Taiwan, South Korea, China, Singapore
3. Overseas sales represent sales of the Company and its consolidated subsidiaries in the countries and regions outside Japan.
4. Indirect exports of ¥4,785,872 thousand are not included in the above table.

Current Consolidated Fiscal Year (From October 1, 2006 to September 30, 2007)

	Asia	Other	Total
I Overseas Net Sales (¥thousands)	6,733,063	—	6,733,063
II Consolidated Net Sales (¥thousands)			18,344,870
III Ratio of Overseas Net Sales to Consolidated Net Sales (%)	36.7	—	36.7

(Note) 1. Segmentation of countries and regions is based on geographical proximity.
2. Major countries and regions outside Japan
Asia: Taiwan, South Korea, China, Singapore
3. Overseas sales represent sales of the Company and its consolidated subsidiaries in the countries and regions outside Japan.
4. Indirect exports of ¥5,564,531 thousand are not included in the above table.

5 Non-Consolidated Financial Statements

(1) Balance Sheet

Accounts	Note	Period 5 (FYE 9/2006) Amount (¥thousands)	Period 5 Ratio (%)	Period 6 (FYE 9/2007) Amount (¥thousands)	Period 6 Ratio (%)
(Assets)					
I Current Assets					
1 Cash and Deposits		1,162,817		1,259,419	
2 Notes Receivable, Trade	※5	85,449		92,527	
3 Accounts Receivable, Trade	※1	4,983,774		3,513,903	
4 Raw Materials		1,827,843		1,568,918	
5 Work in Progress		171,708		157,876	
6 Stores		92,083		91,084	
7 Prepaid Expenses		46,777		38,300	
8 Deferred Tax Assets		84,239		64,782	
9 Consumption Tax Receivable		241,288		—	
10 Accounts Receivable		—		900,991	
11 Other		35,192		8,520	
Allowance for Doubtful Accounts		-43,000		-36,000	
Total Current Assets		8,688,174	39.6	7,660,324	40.1
II Fixed Assets					
1 Tangible Fixed Assets	※2				
(1) Buildings	※3	2,600,316		2,433,065	
(2) Structures		51,951		48,242	
(3) Machinery and Equipment	※3	7,022,247		3,536,900	
(4) Transportation Equipment		149		149	
(5) Tools, Furniture and Fixtures		154,021		137,175	
(6) Land	※3	904,751		1,574,035	
(7) Construction in Progress		14,641		1,194,338	
Total Tangible Fixed Assets		10,748,078	49.0	8,923,905	46.7
2 Intangible Fixed Assets					
(1) Software		93,772		85,980	
Total Intangible Fixed Assets		93,772	0.4	85,980	0.5
3 Investments and Other Assets					
(1) Investment Securities		287,626		271,298	
(2) Investment in Affiliates		1,967,673		2,000,281	
(3) Long-Term Loans to Employees		778		733	
(4) Guarantee Deposits		47,509		42,724	
(5) Other		107,482		117,638	
Allowance for Doubtful Accounts		-1,486		-10	
Total Investments and Other Assets		2,409,583	11.0	2,432,665	12.7
Total Fixed Assets		13,251,435	60.4	11,442,551	59.9
Total Assets		21,939,609	100.0	19,102,876	100.0

		Period 5 (FYE 9/2006)			Period 6 (FYE 9/2007)		
Accounts	Note	Amount (¥thousands)		Ratio (%)	Amount (¥thousands)		Ratio (%)
(Liabilities)							
I Current Liabilities							
1 Notes Payable, Trade	※5		3,799,358			2,939,155	
2 Accounts Payable, Trade			487,211			703,407	
3 Short-Term Loans	※3		2,060,000			280,000	
4 Current Portion of Long-Term Debt	※3		873,860			1,002,614	
5 Accounts Payable			112,638			202,694	
6 Accrued Expenses			118,927			147,985	
7 Accrued Corporate Taxes			112,000			—	
8 Deposits Received			56,220			24,510	
9 Unearned Income			1,825			—	
10 Reserve for Directors' Bonuses			48,000			—	
11 Equipment Notes Payable	※5		560,503			111,353	
12 Current Portion of Long-Term Equipment Accounts Payable			506,741			338,374	
13 Other			99,510			132,925	
Total Current Liabilities			8,836,795	40.3		5,883,019	30.8
II Long-Term Liabilities							
1 Long-Term Loans Payable	※3		2,428,670			2,068,026	
2 Long-Term Equipment Accounts Payable			933,523			595,149	
3 Deferred Tax Liabilities			22,348			7,095	
4 Other			64,820			60,220	
Total Long-Term Liabilities			3,449,362	15.7		2,730,490	14.3
Total Liabilities			12,286,157	56.0		8,613,510	45.1
(Net Assets)							
I Shareholders' Equity							
1 Capital Stock			3,729,025	17.0		4,109,722	21.5
2 Capital Surplus							
(1) Additional Paid-In Capital		3,954,716			4,335,413		
(2) Other Capital Surplus		65			—		
Total Capital Surplus			3,954,782	18.0		4,335,413	22.7
3 Retained Earnings							
(1) Legal Retained Earnings		21,500			21,500		
(2) Other Retained Earnings							
General Deposits		880,000			1,400,000		
Retained Earnings Carried Forward		1,029,933			625,580		
Total Retained Earnings			1,931,433	8.8		2,047,080	10.7
4 Treasury Stock			-48,579	-0.2		-48,390	-0.2
Total Shareholders' Equity			9,566,661	43.6		10,443,825	54.7
II Valuation and Translation Adjustments							
1 Valuation Differences for Other Securities			86,790	0.4		45,540	0.2
Total Valuation and Translation Adjustments			86,790	0.4		45,540	0.2
Total Net Assets			9,653,452	44.0		10,489,366	54.9
Liabilities and Total Net Assets			21,939,609	100.0		19,102,876	100.0

(2) Statement of Income

Accounts	Note	Period 5 (From October 1, 2005 To September 30, 2006) Amount (¥thousands)		(%)	Period 6 (From October 1, 2006 To September 30, 2007) Amount (¥thousands)		(%)
Ⅰ Net Sales							
1 Product Net Sales	※4	12,441,605			12,807,306		
2 Materials Net Sales	※4	3,586,554			1,880,993		
3 Other Net Sales	※1,4	185,603	16,213,763	100.0	169,031	14,857,331	100.0
Ⅱ Cost of Sales							
1 Inventory, Beginning of Period		3,434			—		
2 Cost of Goods Manufactured		10,325,554			11,070,495		
3 Purchase of Finished Goods		38,483			153,633		
Total		10,367,473			11,224,129		
4 Cost of Finished Products Sold		10,367,473			11,224,129		
5 Materials Cost of Sales		3,108,888	13,476,361	83.1	1,725,904	12,950,034	87.2
Gross Profit			2,737,401	16.9		1,907,297	12.8
Ⅲ Selling, General and Administrative Expenses	※2,3		1,789,835	11.1		1,591,550	10.7
Operating Income			947,565	5.8		315,747	2.1
Ⅳ Non-Operating Income							
1 Interest Income		284			639		
2 Dividend Income	※4	162,863			108,183		
3 Real Estate Rental Income		24,379			24,112		
4 Technical Consulting Fees	※4	180,625			183,350		
5 Other	※4	52,369	420,522	2.6	49,479	365,765	2.5
Ⅴ Non-Operating Expenses							
1 Interest Expense		90,952			105,021		
2 Cost of Real Estate Rentals		10,182			13,103		
3 Lease Payments		29,460			29,460		
4 Other		633	131,228	0.8	851	148,436	1.0
Ordinary Income			1,236,859	7.6		533,076	3.6
Ⅵ Extraordinary Income							
1 Subsidies	※5	30,000	30,000	0.2	44,726	44,726	0.3
Ⅶ Extraordinary Loss							
1 Loss on Disposal of Fixed Assets	※6	19,781	19,781	0.1	4,050	4,050	0.0
Income before Taxes			1,247,078	7.7		573,751	3.9
Corporate, Residence, and Business Taxes		349,681			188,808		
Prior Year Corporate, Residence, and Business Taxes		—			32,289		
Adjustments for Corporate and Other Taxes		122,443	472,125	2.9	32,281	253,379	1.7
Net Income			774,952	4.8		320,372	2.2

Schedule of Cost of Goods Manufactured

Accounts	Note	Period 5 (From October 1, 2005 To September 30, 2006) Amount (¥thousands)	Ratio (%)	Period 6 (From October 1, 2006 To September 30, 2007) Amount (¥thousands)	Ratio (%)
I Materials Cost		5,321,212	51.2	5,643,064	50.8
II Labor Cost		1,066,975	10.3	964,736	8.7
III Overhead Expenses	※1	3,992,542	38.5	4,502,095	38.1
Total Manufacturing Expenses		10,380,730	100.0	11,109,896	100.0
Work in Progress Inventory, Beginning of Period		167,183		171,708	
Total		10,547,914		11,281,605	
Work in Progress Inventory, End of Period		171,708		157,876	
Transfer to Other Accounts	※2	50,650		53,232	
Cost of Goods Manufactured		10,325,554		11,070,495	

Cost Calculation Method

Under a job-order costing system, Raw Materials Expense is calculated at actual cost, while the manufacturing cost for other expenses is calculated according to projected costs, with the difference between actual cost and projected cost allocated to Inventory and/ or Cost of Sales at the end of the period.

(Note)

Period 5 (From October 1, 2005 To September 30, 2006)		Period 6 (From October 1, 2006 To September 30, 2007)	
※1 Major components of Manufacturing Expenses		※1 Major components of Manufacturing Expenses	
Depreciation Expense	2,003,426 (¥thousand)	Depreciation Expense	2,233,325 (¥thousand)
Repairs Expense	328,921 (¥thousand)	Repairs Expense	467,634 (¥thousand)
Processing Costs Paid to Subcontractors	487,041(¥thousand)	Processing Costs Paid to Subcontractors	271,392 (¥thousand)
Packing and Transportation Expense	336,044 (¥thousand)	Packing and Transportation Expense	404,654 (¥thousand)
Outsourcing Expense	71,803 (¥thousand)	Outsourcing Expense	93,045 (¥thousand)
Consumable Supplies Expense	136,762 (¥thousand)	Consumable Supplies Expense	130,506 (¥thousand)
※2 Major Components of Transfer to Other Accounts		※2 Major Components of Transfer to Other Accounts	
Presentation Expenses	5,577 (¥thousand)	Presentation Expenses	30,823 (¥thousand)
Research and Development Expenses	45,072 (¥thousand)	Research and Development Expenses	22,409 (¥thousand)

(3) Statement of Changes in Shareholders' Equity
Period 5 (From October 1, 2005 to September 30, 2006)

(Unit: ¥thousands)

	Shareholders' Equity			
	Capital Stock	Capital Surplus		
		Additional Paid-In Capital	Other Capital Surplus	Total Capital Surplus
Balance on September 30, 2005	3,729,025	3,954,716	65	3,954,782
Changes during the Fiscal Year				
Dividends from Surplus				
Director and Corporate Auditor Bonuses				
Reserve for General Deposits				
Net Income				
Purchase of Treasury Stock				
Changes during the Fiscal Year (net) other than Shareholders' Equity Accounts				
Total Changes during the Fiscal Year				
Balance on September 30, 2006	3,729,025	3,954,716	65	3,954,782

	Shareholders' Equity					
	Retained Earnings				Treasury Stock	Total Shareholders' Equity
	Legal Retained Earnings	Other Retained Earnings		Total Retained Earnings		
		General Deposits	Retained Earnings Carried Forward			
Balance on September 30, 2005	21,500	550,000	829,924	1,401,424	-47,008	9,038,223
Changes during the Fiscal Year						
Dividends from Surplus			-193,943	-193,943		-193,943
Director and Corporate Auditor Bonuses			-51,000	-51,000		-51,000
Reserve for General Deposits		330,000	-330,000			
Net Income			774,952	774,952		774,952
Purchase of Treasury Stock					-1,571	-1,571
Changes during the Fiscal Year (net) other than Shareholders' Equity Accounts						
Total Changes during the Fiscal Year		330,000	200,009	530,009	-1,571	528,438
Balance on September 30, 2006	21,500	880,000	1,029,933	1,931,433	-48,579	9,566,661

	Valuation and Translation Adjustments		Total Net Assets
	Valuation Differences in Available-for-Sale Securities	Translation Adjustments	
Balance on September 30, 2005	43,955	43,955	9,082,178
Changes during the Fiscal Year			
Dividends from Surplus			-193,943
Director and Corporate Auditor Bonuses			-51,000
Reserve for General Deposits			
Net Income			774,952
Purchase of Treasury Stock			-1,571
Changes during the Fiscal Year (net) other than Shareholders' Equity Accounts	42,835	42,835	42,835
Total Changes during the Fiscal Year	42,835	42,835	571,273
Balance on September 30, 2006	86,790	86,790	9,653,452

Period 6(From October 1, 2006　To September 30, 2007)

(Unit: ¥thousands)

	Shareholders' Equity			
	Capital Stock	Capital Surplus		
		Additional Paid-In Capital	Other Capital Surplus	Total Capital Surplus
Balance on September 30, 2006	3,729,025	3,954,716	65	3,954,782
Changes during the Fiscal Year				
Issuance of New Shares	380,697	380,697		380,697
Dividends from Surplus				
Reserve for General Deposits				
Net Income				
Disposal of Treasury Stock			-65	-65
Changes during the Fiscal Year (net) other than Shareholders' Equity Accounts				
Total Changes during the Fiscal Year	380,697	380,697	-65	380,631
Balance on September 30, 2007	4,109,722	4,335,413		4,335,413

	Shareholders' Equity					
	Retained Earnings				Treasury Stock	Total Shareholders' Equity
	Legal Retained Earnings	Other Retained Earnings		Total Retained Earnings		
		General Deposits	Retained Earnings Carried Forward			
Balance on September 30, 2006	21,500	880,000	1,029,933	1,931,433	-48,579	9,566,661
Changes during the Fiscal Year						
Issuance of New Shares						761,394
Dividends from Surplus			-204,710	-204,710		-204,710
Reserve for General Deposits		520,000	-520,000			
Net Income			320,372	320,372		320,372
Disposal of Treasury Stock			-14	-14	188	107
Changes during the Fiscal Year (net) other than Shareholders' Equity Accounts						
Total Changes during the Fiscal Year		520,000	-404,353	115,646	188	877,164
Balance on September 30, 2007	21,500	1,400,000	625,580	2,047,080	-48,390	10,443,825

	Valuation and Translation Adjustments		Total Net Assets
	Valuation Differences in Available-for-Sale Securities	Translation Adjustments	
Balance on September 30, 2006	86,790	86,790	9,653,452
Changes during the Fiscal Year			
Issuance of New Shares			761,394
Dividends from Surplus			-204,710
Reserve for General Deposits			
Net Income			320,372
Disposal of Treasury Stock			107
Changes during the Fiscal Year (net) other than Shareholders' Equity Accounts	-41,250	-41,250	-41,250

Total Changes during the Fiscal Year	-41,250	-41,250	835,913
Balance on September 30, 2007	45,540	45,540	10,489,366