

**Nippon Antenna**  
(6930, JASDAQ)

Summary of Financial Report 2006  
(for the Year ended March 2006)

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## Company Profile

### Financial Highlights

Years ended March 31; Thousands of yen	2002	2003	2004	2005	2006
<b>Consolidated</b>					
Net sales	30,906,091	27,678,297	27,404,050	27,274,702	28,076,048
Ordinary income	2,583,500	1,327,749	1,463,586	1,232,610	776,287
Net income	1,034,678	597,372	774,794	603,318	367,712
Shareholders' equity	20,319,459	20,015,837	20,236,542	20,669,945	21,556,369
Total assets	28,564,422	27,617,602	28,492,694	28,700,597	29,965,257
Shareholders' equity per share (Yen)	1,421.26	1,443.87	1,479.73	1,512.56	1,579.05
Net income per share (Yen)	72.36	39.70	54.16	42.25	25.62
Net income per share, fully diluted (Yen)	-	-	-	-	-
Shareholders' equity ratio	71.13	72.47	71.02	72.02	71.94
Return on equity	5.18	2.96	3.85	2.95	1.74
Price earnings ratio	12.29	21.41	17.73	23.62	39.81
Net cash from operating activities	838,657	2,460,180	1,631,643	1,082,092	1,167,245
Net cash from investment activities	(1,088,914)	(861,413)	(1,303,872)	(1,006,029)	(1,244,716)
Net cash from financing activities	(860,608)	(689,081)	(479,211)	(293,972)	(294,835)
Cash and cash equivalents at end of period	6,131,325	7,016,002	6,826,835	6,649,427	6,391,336
Employees	1,170	1,147	1,153	1,366	1,951

## Description of Business

The corporate group, which is composed of the Company (Nippon Antenna Co., Ltd.) and seven subsidiaries, is engaged in the manufacture and sale of antennas for telecommunications, automobiles, and television, and of electronic equipment for television transmission. It is also involved in the construction for installation of telecommunication systems and related businesses.

The following outlines the activities of the corporate group and the involvement of each group company in these activities. The information is provided according to business segment.

### Manufacturing

This division is engaged in the manufacture and sale of: satellite antennas, mobile phone antennas, and car antennas; telecommunications-related equipment and antennas; and TV receiving antennas and TV reception/transmission-related equipment and accessories.

The Company, Ishinomaki Atex Co, Ltd., Nippon Antenna Philippines, Inc., and Nippon Antenna (Shanghai) Co, Ltd., have manufacturing operations.

The Company, Nippon Antenna (Europe) GmbH, Nippon Antenna (America), Inc. and Nippon Antenna (Philippines), Inc. are engaged in selling the products manufactured by the group.

### Construction

This division is involved in the construction including design and installation of CATV systems, CATV Internet systems, BS/CS receiving systems, and systems for the prevention of TV electromagnetic interference.

The Company and Nichian CATV Co., Ltd. provide construction-related services.

### Other

NAC Development Corporation owns the land under the Company's factory in the Philippines { which is operated by Nippon Antenna (Philippines), Inc. }.

### Major product in each business segment

Business segments	Sales segments	Major products
Manufacturing business	Antenna	Satellite antennas, mobile phone antennas, car antennas and related equipment, communications antennas and related equipment, TV antennas
	TV reception/transmission related electronic equipment	BS receiving equipment, cable TV transmission equipment, TV receiving related products (amplifiers, splitter, etc.)
Construction business	Electric & communications works	Cable TV related construction, cable Internet-related construction, satellite receiving-related construction, TV electromagnetic interference prevention construction

**Group Companies**

	Common stock	Percent ownership
Consolidated subsidiaries		
NIPPON ANTENNA (EUROPE) GmbH	EUR287,000	100.0
NICHIAN CATV CO, Ltd.	¥50,000,000	100.0
ISHINOMAKI ATEX CO, Ltd.	¥92,500,000	100.0
NIPPON ANTENNA (PHILIPPINES), INC.	PHP250,000,000	100.0
NIPPON ANTENNA (AMERICA), INC.	US\$1,000,000	100.0
NIPPON ANTENNA (Shanghai) CO, Ltd.	CNY106,919,000	100.0

**Largest Shareholders**

Name of shareholders	Thousands of shares owned	Percent of shares outstanding
Sayo Takizawa	2,773	19.40
Ichiro Takizawa	753	5.27
Yutaka Takizawa	564	3.95
Resona Bank, Ltd.	500	3.50
Mizuho Bank, Ltd.	499	3.49
Societe Generale Bank & Trust	419	2.93
The BANK of NEW YORK Non-treaty JASDEC account	381	2.66
Souzaburo Yokoyama	365	2.55
Clarion Co., Ltd.	365	2.55
Nippon Antenna Employees' Shareholding Association	359	2.51
	6,980	48.82

**Directors and Statutory Auditors**

Ichiro Takizawa	President and Representative Director
Yutaka Takizawa	Senior Managing Director
Kenji Tanaka	Managing Director
Kenji Masuda	Director
Kenji Yamaoka	Director
Takatsugu Ito	Director
Tetsumi Izawa	Director
Hiroshi Unami	Director
Choji Otsuki	Standing Statutory Auditor
Yasuo Akiyama	Statutory Auditor
Minoru Hino	Statutory Auditor

## Business Overview

### Results of Operations

The world economy, for the consolidated fiscal year ended March 31, 2006, saw general recoveries in the United States and Europe. In Asia, robust growth continued, particularly in China.

The Japanese economy progressed along a moderate recovery path, favored by both an increase in capital expenditures, reflecting the rebound of corporate revenues, and an expansion of consumer spending, supported by the improving employment situation.

Although our industry experienced a continued growth in operations related to antenna replacement, associated with the commencement of digital terrestrial broadcasting and the one-time demand increase triggered by the Winter Olympic Games, the business environment remained severe, due to soaring material costs and intensifying competition, leading to lower prices in general.

Under these circumstances, Nippon Antenna (“the Company”), and its group companies, emphasized operations related to digital terrestrial broadcasting, which has reached full bloom, in tandem with continued efforts for the reinforcement of our competitive edge through cost reduction, the development of new products, the addition of system measurement facilities, the expansion of production facilities (Nippon Antenna Shanghai Co., Ltd.), and the restructuring of sales locations.

As a result of these efforts, sales for this consolidated fiscal year increased 2.9% year-on-year to ¥28,076 million, while both ordinary income and net income decreased, by 37.0% y/y to ¥776 million and 39.1% y/y to ¥367 million, respectively.

Results by business segment are as follows:

#### Manufacturing

This division saw a year-on-year decline in revenues due to the sluggish sales of equipment for the change in analog frequency, despite our aggressive efforts in sales promotion of TV receiving antennas, mainly at home electronics retailers, and our expectations of exceptional demand from the effects of the Winter Olympic Games. Sales of ETC (Electronic Toll Collection system) antennas increased from the previous year due to robust demand in Japan and the United States. Revenue from communications-use antennas decreased on a year-on-year basis reflecting intensifying competition and lower prices for built-in antennas for cellular phones.

In the area of TV reception/transmission-related electronic equipment, while sales of equipment for the change of analog frequency were subdued, sales of optical fiber-related equipment, and sales to large home electronics and home improvement retailers, remained strong, resulting in an increase compared with the previous fiscal year.

As a result, sales for this consolidated fiscal year increased 4.4% y/y to stand at ¥20,518 million, while operating income decreased 55.5% y/y to ¥750 million.

#### Construction

In the construction business division, construction projects related to the change of analog

frequency continued to grow steadily, while renovation of satellite broadcasting reception facilities, and large-scale countermeasure projects against radio interference decreased. As a result, both sales and operating income declined by 0.9% y/y to ¥7,557 million and 36.8% y/y to ¥402 million, respectively.

Results by geographical segment are as follows:

#### Japan

While sales of optical fiber-related products, electronic products for large home electronics and home improvement retailers and ETC antennas grew in Japan, both sales and operating income decreased 0.2% y/y to ¥22,921 million and 33.4% y/y to ¥1,554 million, respectively. This was due to the impact of built-in antennas for cellular phones and lower prices resulting from intense competition.

#### Europe

As a result of the successful restructuring of overall operations, sales in Europe grew by 1.1% y/y to ¥2,035 million, and operating income reached ¥63 million, a turnaround from an operating loss of ¥116 million in the previous fiscal year.

#### North America

Operations in North America recorded brisk sales of XM antennas for satellite radio, and in-glass antennas, resulting in sales of ¥2,862 million (+35.3% y/y), and an operating income of ¥35 million compared to an operating loss of ¥11 million in the previous fiscal year.

#### Asia

Our presence in Asia is currently limited to production facilities. Although there are some minor local sales, most products are sold internally with the sales being eliminated in the course of consolidation. Sales increased 49.0% y/y to ¥256 million, while the operating loss was ¥560 million in contrast to an operating income of ¥84 million in the previous fiscal year. The operating loss is attributable to a foreign exchange loss of 575 million yen (decreased in operating income, and increased by the same amount in non-operating income) arising from the elimination of internal sales.

### Cash flows

The Company had cash and cash equivalents (“cash”) in the amount of ¥6,391 million as of the end of this consolidated fiscal year, a decline of ¥258 million from the end of the previous consolidated fiscal year.

Cash flows for each category are as described below:

(Cash flows from operating activities)

Net cash generated from operations grew by 7.9% y/y to ¥1,167 million, the primary items of which were an increase from proliferation in income before income taxes, depreciation expenses and trade payables, and a decrease on the outflow side of proliferation in tax payments and inventory assets.

(Cash flows from investment activities)

Investment activities used net cash in the amount of ¥1,224 million, a 23.7% increase from the previous year. The primary expenditures included an investment for the construction of additional production facilities at the Shanghai plant (Nippon Antenna Shanghai Co., Ltd.), the acquisition of tangible fixed assets including anechoic chambers, and the placement of long-term deposits.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥294 million (+0.3% y/y), a large part of which is attributable to dividend payments.

### **Issues facing the Company**

The Company's core business divisions are Antennas, TV Reception/Transmission-related Electronic Equipment, and Telecommunication Infrastructure Construction. We aim to grow our business through customer satisfaction, and winning the trust of our customers, by providing products and services that appropriately address changes in the market, including technological innovation in the telecommunications sector, with the implementation of optical and digital technologies, demand associated with new systems such as ITS (Intelligent Transport Systems), RFID (Radio Frequency Identification), and the fusion of broadcasting and telecommunications. The Company focuses on the following goals in the second mid-term management plan (April 2005 to March 2008):

- (1) To establish a corporate structure capable of flexibly addressing changes in the market environment.
- (2) To increase the market share of each division by reinforcing sales forces, introducing new products, etc.
- (3) To increase earnings and profitability by reducing costs and reviewing cost structures.
- (4) To develop new products that are one step ahead of those of our competitors through promoting R&D capabilities.
- (5) To raise the level of customer satisfaction through increased competitiveness in terms of quality, cost and service.
- (6) To establish a performance-based personnel evaluation system along with human resource development.
- (7) To improve the internal control system.

Regarding the economic outlook, in the domestic economy, corporate revenues will continue to grow steadily due to the growth of exports and capital expenditures, and consumer spending is expected to maintain its growth momentum. However, there are uncertainties over the economic forecasts for the United States and China, due to factors such as the price of oil and raw materials, foreign exchange rates, etc.

In this industry, the digital technology-related business in broadcasting and telecommunications is expected to grow in the foreseeable future. However, the situation will remain fluid because of fierce price competition and changes in the market environment.

Under these circumstances, the Group intends to work aggressively to focus more on businesses related to digital terrestrial broadcasting, and to increase profits by creating the groundwork for

further development, production and sales in preparation for the business environment expected to emerge following digitalization.

Moreover, as a robust internal control system is a key requirement these days, the Company will establish a “Basic Policy Concerning Improvement of Internal Control System” to further enhance its corporate governance.

### **Risk factors**

The primary risks that could emerge in the course of the Group’s business are as follows:

The Group recognizes that these risks exist and strives to avoid their occurrence, and will respond accordingly if they do occur. The following includes possible future developments, and represents the risks seen as existing as of the end of this consolidated fiscal year. However, potential risks in the courses of the Group’s business are not limited to the following.

#### **(1)Changes in the market environment**

The Company and its group companies operate on a global scale in Japan, Europe, North America, and Asia. The Group’s performance can therefore be affected by economic trends in Japan, or in the other countries in which the Group operates, as well as by changes in political or social circumstances.

#### **(2)Changes in product prices**

Competition is intensifying in the markets in which the Group operates, and there is a trend of declining prices. Although the Group strives to maintain profit margins by introducing new products, reducing costs, etc., operating results could be affected by further increased or prolonged competition.

#### **(3)Foreign exchange fluctuations**

As the Group operates globally, its operating results can be affected by fluctuations in foreign exchange rates.

#### **(4)Product defects**

The Group manufactures its products in Japan and overseas in accordance with internationally recognized quality control standards. However, there is no guarantee that all products will be free of defects, or that recalls will not arise in the future. There is, therefore, a possibility of the Group’s results, or financial position, being adversely affected in the case of a product defect developing into a major recall, or by the need to pay product liability compensation.

#### **(5)Risk regarding the protection of intellectual property rights**

In cases where the Company is unable to adequately protect its intellectual property rights, there is a risk that a third party could use the Company’s technology, etc., and in that case the Group’s competitiveness could be undermined.

### **Important Agreements, etc.**

Not applicable.

### **Research and Development**

The information and telecommunication industry is experiencing changes on an unprecedented scale. Significant technological innovations, particularly digitalization, optical communications, and satellite communications, have led to the rapid penetration of broadband networking and the integration of broadcasting and telecommunications. The Group, as a whole, is promoting R&D activities in an effort to respond quickly and appropriately to market trends, to meet demands for information and telecommunications systems, and to develop proprietary, high value-added products.

The Company has been working on basic research and the commercialization of many products in the areas of antennas and transmission systems/equipment in view of global market trends, and new products are successively being launched. During the year under review, the Company developed a series of flat antennas for digital terrestrial broadcasting ahead of our competitors. Other products include: "ITS-related systems like antennas for automobile ETC, low-profile omni antennas for car-to-car communication, and DSRC (Dedicated Short Range Communication) base stations," "satellite radio antenna systems," "small-sized multi-functional compound antennas for telematics," "16QAM digital converters for cable television," "OFDM (Orthogonal Frequency Division Multiplexing) signal processors for digital terrestrial retransmission and digital head end devices," "optical transmitters, receivers and amplifiers for Fiber-To-The-Home systems," "invisible antenna systems that use glass, film, etc.," "sophisticated dual/triple antennas responding to diversification in telecommunications equipment," "small-sized digital terrestrial antennas (for outdoors, indoors, automobile, cellular phones and PDAs)," "broadband base station antenna systems for digital public telecommunications," "wireless LAN transmission system equipment," "digital terrestrial broadcast receivers," and "filters for analog-to-analog conversion," etc.

At the same time, we will increase capital expenditures in areas like new measuring equipment, with an eye toward future technological innovations such as the significant use of optical and microwave transmission as signals increasingly become digital and higher speed. We will continue to improve and develop equipment related to information and telecommunications, including digitalized images and optical transmission, wireless LAN broadband network equipment, on-vehicle information systems, screen antenna systems, BS/CS digital broadcasting, digital terrestrial broadcasting, mobile telecommunications, cellular phones, etc.

We constructed an R&D facility and an automobile measuring site in Europe last year, and reinforced our overseas bases, and made our workforce more international, by hiring local engineers, including establishing an R&D facility and training technicians in China, to create a structure capable of responding locally to global demand. As a result, the Company received an order from a European automotive manufacturer for in-glass antennas, of which the Company will start mass production in September 2006.

Currently, R&D activities are primarily conducted by the technology unit (which includes the Technical Center) under the Manufacturing Division. As of March 31, 2006, 140 employees were engaged in these activities, including the improvement of existing products, with related spending for the consolidated fiscal year totaling ¥1,522 million.

The Construction Division incurs no R&D related expenses as its operations involve the launching of products developed and commercialized by the Manufacturing Division.

## Production, Orders and Sales

### 1. Production

Production (consolidated basis) at each business segment for the year ended March 31, 2006:

Thousands of yen	Value	YOY (%)
Manufacturing	18,679,136	98.1
Construction	7,557,772	99.1
Total	26,236,908	98.4

- (Notes)
1. Amounts are calculated based on net sales prices.
  2. Amounts are stated exclusive of consumption tax.

### 2. Orders

Orders (consolidated basis) at each business segment for the year ended March 31, 2006:

Thousands of yen	Value of orders	YOY (%)	Orders outstanding	YOY (%)
Manufacturing	12,931,015	109.6	921,220	136.4
Construction	7,174,541	88.3	2,150,482	84.9
Total	20,105,556	100.9	3,071,702	95.7

- (Note) Amounts are stated exclusive of consumption tax.

### 3. Sales

Sales (consolidated basis) at each business segment for the year ended March 31, 2006:

Thousands of yen	Amounts	YOY (%)
Manufacturing	20,518,276	104.4
Construction	7,557,772	99.1
Total	28,076,048	102.9

- (Note) Amounts are stated exclusive of consumption tax.

## Financial Statements

### Consolidated Balance Sheets

Years ended March 31; Thousands of yen	2005	2006
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	6,649,427	6,391,336
Trade notes & accounts receivable	8,280,246	8,376,656
Inventories	5,326,233	5,570,798
Deferred tax assets	315,097	295,931
Other	1,216,863	1,159,858
Allowance for doubtful accounts	(33,298)	(35,882)
Total current assets	21,754,569	21,758,699
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	2,349,696	2,421,847
Machinery, equipment and vehicles	1,110,817	1,103,133
Land	942,726	942,726
Construction in progress	97,469	103,081
Other tangible fixed assets	818,999	847,948
Total tangible fixed assets	5,319,709	5,418,736
<b>Intangible fixed assets</b>		
Software	111,767	108,745
Other intangible fixed assets	24,196	24,016
Total intangible fixed assets	135,963	132,762
<b>Investments and other assets</b>		
Long-term deposits	-	500,000
Investment securities	984,013	1,880,015
Deferred tax assets	220,525	-
Other	324,518	281,827
Allowance for doubtful accounts	(38,702)	(6,785)
Total investments and other assets	1,490,355	2,655,057
Total fixed assets	6,946,027	8,206,557
Total assets	28,700,597	29,965,257

Nippon Antenna

Years ended March 31; Thousands of yen	2005	2006
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	4,449,595	4,812,548
Accounts payable-construction	992,635	1,036,438
Accrued income taxes	260,074	67,588
Accrued expenses	208,035	240,472
Reserve for bonuses	526,590	534,617
Other	649,312	522,374
<b>Total current liabilities</b>	<b>7,086,245</b>	<b>7,214,039</b>
<b>Long-term liabilities</b>		
Allowance for employees' retirement benefits	673,840	711,385
Allowance for directors' retirement benefits	262,730	287,060
Deferred tax liabilities	-	188,565
Other	7,836	7,836
<b>Total long-term liabilities</b>	<b>944,406</b>	<b>1,194,847</b>
<b>Total liabilities</b>	<b>8,030,652</b>	<b>8,408,887</b>
<b>Shareholders' equity</b>		
<b>Common stock</b>	4,673,616	4,673,616
<b>Additional paid-in capital</b>	6,318,554	6,318,554
<b>Retained earnings</b>	10,410,865	10,465,371
<b>Unrealized gain on other securities</b>	331,016	883,612
<b>Foreign currency translation adjustments</b>	(505,236)	(217,887)
<b>Treasury stock</b>	(558,869)	(566,897)
<b>Total shareholders' equity</b>	<b>20,669,945</b>	<b>21,556,369</b>
<b>Total liabilities and shareholders' equity</b>	<b>28,700,597</b>	<b>29,965,257</b>

**Consolidated Statement of Income**

<b>Years ended March 31; Thousands of yen</b>	<b>2005</b>	<b>2006</b>
<b>Sales</b>		
Sales of goods	19,647,168	20,518,276
Sales on construction	7,627,533	7,557,772
	<u>27,274,702</u>	<u>28,076,048</u>
<b>Cost of sales</b>		
Cost of goods sold	13,854,037	15,425,779
Cost of construction	5,933,564	6,058,015
	<u>19,787,601</u>	<u>21,483,794</u>
<b>Selling, general and administrative expenses</b>	<u>6,100,800</u>	<u>6,318,675</u>
<b>Operating income</b>	<u>1,386,300</u>	<u>273,578</u>
<b>Non-operating income</b>		
Interest & dividend income	16,522	23,270
Foreign exchange gain	-	490,605
Other	99,315	80,633
	<u>115,838</u>	<u>594,509</u>
<b>Non-operating expenses</b>		
Foreign exchange loss	190,604	-
Other	78,923	91,801
	<u>269,527</u>	<u>91,801</u>
<b>Ordinary income</b>	<u>1,232,610</u>	<u>776,287</u>
<b>Extraordinary income</b>		
Gain on fixed assets sold	1,490	303
Gain on Investment securities sold	-	30,392
	<u>1,490</u>	<u>30,696</u>
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	26,989	27,802
Valuation loss on golf memberships	7,940	-
Valuation loss on investment securities	7,272	17,182
	<u>42,201</u>	<u>44,984</u>
Income before taxes and other adjustments	1,191,898	761,998
Corporate, inhabitant and enterprises taxes	596,379	345,075
Deferred taxes	(7,799)	49,210
<b>Net income</b>	<u>603,318</u>	<u>367,712</u>

**Consolidated Statement of Retained Earnings**

<b>Years ended March 31; Thousands of yen</b>	<b>2005</b>	<b>2006</b>
Balance at beginning of the period	10,125,706	10,410,865
Increase		
Net income	603,318	367,712
Deductions		
Cash dividends paid	286,759	286,606
Bonuses to directors and statutory auditors	31,400	26,600
Balance at end of the period	10,410,865	10,465,371

**Consolidated Statements of Cash Flows**

<b>Years ended March 31; Thousands of yen</b>	<b>2005</b>	<b>2006</b>
<b>Net cash from operating activities</b>		
Income before income taxes	1,191,898	761,998
Depreciation and amortization	781,485	790,427
Valuation loss on investment securities	7,272	17,182
Gain on sale of investment securities	-	(30,392)
Increase in allowance for retirement benefits	72,009	37,545
Increase (decrease) in allowance for directors' retirement benefits	(24,760)	24,330
Increase (decrease) in allowance for bonuses	(14,192)	8,026
Increase (decrease) in allowance for doubtful accounts	30,630	(29,534)
Interest and dividend income	(16,522)	(23,270)
Foreign exchange gain	-	(289)
Interest and discount expenses	-	49
Gain on sale of fixed assets	(1,490)	(303)
Loss on disposal of fixed assets	26,989	27,802
Valuation loss on golf memberships	7,940	-
Decrease (increase) in trade receivables	385,568	(52,231)
Decrease (increase) in inventory	(407,072)	(119,542)
Increase (decrease) in trade payables	(123,772)	187,644
Directors' bonuses	(31,400)	(26,600)
Other	9,889	108,782
	1,894,472	1,681,623
Interest and dividend income	16,522	20,975
Income tax and others	(828,902)	(535,303)
Interest expenses	-	(49)
	1,082,092	1,167,245
<b>Net cash from investment activities</b>		
Payments for Long-term deposits	-	(500,000)
Payments for purchases of investment securities	(1,198)	(23,692)
Proceeds from sales of investment securities	-	40,764
Payments for acquisition of tangible and intangible fixed assets	(1,040,060)	(795,900)
Proceeds from sales of tangible and intangible fixed assets	31,103	29,464
Payments for loans	(14,051)	(7,533)
Proceeds from collection of loans	18,177	12,181
	(1,006,029)	(1,244,716)
<b>Net cash from financing activities</b>		
Payments for purchases of treasury stock	(6,976)	(8,027)
Dividends paid	(286,995)	(286,807)
	(293,972)	(294,835)
Effect of exchange rate changes on cash and cash equivalents	40,500	114,216
Increase (decrease) in cash and cash equivalents	(177,407)	(258,091)
Cash and cash equivalents at beginning of period	6,826,835	6,649,427
Cash and cash equivalents at end of period	6,649,427	6,391,336

## Segment Information

### Business segment information

Thousands of yen	Manufacturing business	Construction business	Total	Eliminations and/or corporate	Consolidated
<b>2005</b>					
<b>Sales</b>					
External customer sales	19,647,168	7,627,533	27,274,702	-	27,274,702
Intersegment transactions and eliminations	16,897	-	16,897	(16,897)	-
	19,664,066	7,627,533	27,291,599	(16,897)	27,274,702
Operating expenses	17,976,491	6,991,577	24,968,069	920,332	25,888,402
Operating income	1,687,574	635,956	2,323,530	(937,230)	1,386,300
Identifiable assets	14,708,636	3,544,435	18,253,072	10,447,525	28,700,597
Depreciation and amortization	732,525	15,104	747,629	33,856	781,485
Capital expenditures	1,032,625	5,043	1,037,668	4,388	1,042,057
<b>2006</b>					
<b>Sales</b>					
External customer sales	20,518,276	7,557,772	28,076,048	-	28,076,048
Intersegment transactions and eliminations	17,158	-	17,158	(17,158)	-
	20,535,434	7,557,772	28,093,207	(17,158)	28,076,048
Operating expenses	19,784,762	7,155,656	26,940,418	862,051	27,802,470
Operating income	750,672	402,116	1,152,788	(879,210)	273,578
Identifiable assets	14,914,095	3,611,392	18,525,488	11,439,768	29,965,257
Depreciation and amortization	741,340	16,445	757,785	32,641	790,427
Capital expenditures	725,495	34,346	759,842	17,318	777,160

### Basis of segmentation

The Group's business is divided into two segments based on the manufacturing of antennas, TV reception/transmission-related electronic equipment, and construction including telecommunications-related design and installation.

## Overseas Sales

The geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2006 and March 31, 2005, are summarized as follows:

<b>Thousands of yen</b>	<b>Europe</b>	<b>North America</b>	<b>Asia</b>	<b>Other</b>	<b>Total</b>
<b>2005</b>					
Overseas sales	2,013,536	2,115,966	615,048	10,576	4,755,129
Consolidated sales					27,274,702
As % of net sales	7.4	7.7	2.3	0.0	17.4

<b>Thousands of yen</b>	<b>Europe</b>	<b>North America</b>	<b>Asia</b>	<b>Other</b>	<b>Total</b>
<b>2006</b>					
Overseas sales	2,035,303	2,862,582	411,448	10,839	5,320,174
Consolidated sales					28,076,048
As % of net sales	7.2	10.2	1.5	0.0	18.9

1. Regions are classified on the basis of geographical proximity.
2. The major countries in each region are as follows.
  - (1) Europe: Germany, Great Britain
  - (2) North America: USA
  - (3) Asia: South Korea, China, Philippine
  - (4) Other: Australia, New Zealand
3. Overseas revenues are generated by the Company and its subsidiaries in countries and regions other than Japan.