

Nippon Antenna
(6930, JASDAQ)

Summary of Financial Report 2007
(for the Year ended March 2007)

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Company Profile

Financial Highlights

Year ended March 31; Thousands of yen	2003	2004	2005	2006	2007
Consolidated					
Net sales	27,678,297	27,404,050	27,274,702	28,076,048	31,455,001
Ordinary income	1,327,749	1,463,586	1,232,610	776,287	1,559,849
Net income	597,372	774,794	603,318	367,712	925,499
Shareholders' equity	20,015,837	20,236,542	20,669,945	21,556,369	22,226,140
Total assets	27,617,602	28,492,694	28,700,597	29,965,257	31,528,631
Shareholders' equity per share (Yen)	1,443.87	1,479.73	1,512.56	1,579.05	1,630.08
Net income per share (Yen)	39.70	54.16	42.25	25.62	67.87
Net income per share, fully diluted (Yen)	—	—	—	—	—
Shareholders' equity ratio	72.47	71.02	72.02	71.94	70.50
Return on equity	2.96	3.85	2.95	1.74	4.23
Price earnings ratio	21.41	17.73	23.62	39.81	14.00
Net cash from operating activities	2,460,180	1,631,643	1,082,092	1,167,245	499,590
Net cash from investment activities	(861,413)	(1,303,872)	(1,006,029)	(1,244,716)	(1,095,048)
Net cash from financing activities	(689,081)	(479,211)	(293,972)	(294,835)	(291,330)
Cash and cash equivalents at end of period	7,016,002	6,826,835	6,649,427	6,391,336	5,662,819
Employees	1,147	1,153	1,366	1,951	1,882

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.	CNY107,024,000	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
Souzaburo Yokoyama	365	2.55
Clarion Co., Ltd.	365	2.55
Nippon Antenna Employees' Shareholding Association	347	2.43
Showa Leasing Co., Ltd.	336	2.35
Bear Stearns & Company, Inc.	324	2.27
	6,829	47.76

Directors and Statutory Auditors

Ichiro Takizawa	Chairman of the Board
Yutaka Takizawa	President and Representative Director
Kenji Tanaka	Senior Managing Director
Kenji Masuda	Managing Director
Takatsugu Ito	Director
Tetsumi Izawa	Director
Hiroshi Unami	Director
Koji Enomoto	Director
Tamotsu Noguchi	Director
Mitsuya Makino	Director
Yukio Misawa	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, 2007, held firm despite slower growth in consumer spending and capital expenditures in the United States. Europe is on the road to recovery, while robust growth has continued throughout Asia, particularly in China and India.

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

Although our industry was supported by market trends such as an expansion in the number of households switching to digital terrestrial broadcasting, the business environment remained severe, due to soaring material costs and lower sales prices brought on by intensifying competition.

Under these circumstances, Nippon Antenna (“the Company”), and its group companies, emphasized operations related to digital terrestrial broadcasting, which has reached full bloom, and worked to trim our expenses by making continued efforts to reduce costs, increasing productivity by expanding overseas production and local procurement, and enhancing operational efficiency.

As a result of these efforts, sales for this consolidated fiscal year increased 12.0% year-on-year to ¥31,455 million, operating income jumped 432.1% y/y to ¥1,455 million, ordinary income climbed 100.9% y/y to ¥1,559 million, and net income rose 151.7% y/y to ¥925 million.

Results by business segment are as follows:

Manufacturing

Revenue from TV receiving antennas edged up year-on-year as strong sales, mainly at large home electronics retailers, attributable the effect of the soccer world cup and the expansion in the number of households switching to digital terrestrial broadcasting offset the petering out of sales of equipment for the change in analog frequency. Revenue from ETC (Electronic Toll Collection system) antennas shot up year-on-year on strong sales both in Japan and overseas. Revenue from communications-use antennas also increased on a year-on-year basis on rising demand for cellular-phone antennas capable of receiving digital terrestrial broadcasts.

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

As a result, sales for this consolidated fiscal year increased 14.2% y/y to stand at ¥23,430 million, and operating income jumped 123.0% y/y to ¥1,674 million.

Construction

In the construction business division, construction projects related to the change of analog frequency decreased, while those related to cellular-phone base stations and the switch to digital terrestrial broadcasting grew. As a result, both sales and operating income increased, by 6.2% y/y to ¥8,024 million

and 67.9% y/y, to ¥675 million, respectively.

Results by geographical segment are as follows:

Japan

With sales of TV antennas and related equipment and ETC antennas both recording rises in Japan, the former on the back of the effect of the soccer world cup and the expansion in the number of households switching to digital terrestrial broadcasting, both sales and operating income increased, 13.0% y/y to ¥25,894 million and 48.7% y/y to ¥2,311 million, respectively.

Europe

While sales climbed 13.9% to ¥2,318 million on brisk shipments of ETC antennas, factors such as price declines resulted in an operating loss of ¥7 million, as opposed to operating income of ¥63 million in the previous fiscal year.

North America

Although operations in North America recorded strong sales of XM antennas and cables, sales of in-glass antennas dipped, resulting in overall sales of ¥2,791 million (-2.5% y/y). This drop in sales, coupled with higher expenses resulting from increases in personnel and other factors, led to a small operating loss (of less than ¥1 million), compared to operating income of ¥35 million in the previous fiscal year.

Asia

At present, our operations in Asia are focused on the production of products for our corporate group. Most products are therefore sold internally, with the sales being eliminated in the course of consolidation. Asian operations nonetheless still recorded sales of ¥450 million (+75.6% y/y), and bounced back from the ¥560 million operating loss for the previous fiscal year to earn a small operating profit (of less than ¥1 million), thanks to factors such as productivity improvements and expense reductions.

Cash flows

The Company had cash and cash equivalents (“cash”) in the amount of ¥5,662 million as of the end of this consolidated fiscal year, a decline of ¥728 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 declined by 57.2% y/y to ¥499 million, the primary items of which were an increase from proliferation in income before income taxes, depreciation expenses and trade payables, and a decrease from proliferation in trade receivables and inventory assets.

(Cash flows from investment activities)

Investment activities used net cash in the amount of ¥1,095 million, a 12.0% decrease from the previous fiscal year. The primary expenditures included the acquisition of tangible fixed assets, primarily in conjunction with the construction of additional production facilities at the Shanghai plant (Nippon Antenna Shanghai Co., Ltd.), and the acquisition of securities.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥291 million (-1.2% 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 area 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) modulators 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,” “small-sized conductive vacuum resonance equipment for digital taxi radio central base stations,” and “antennas for 1seg-enabled cellular phones,” etc. Particularly worthy of note is the fact that we have succeeded in securing a significant share of the rapidly expanding market for antennas for 1seg-enabled cellular phones.

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. Going forward, we will continue to improve and develop equipment related to information and telecommunications, including digitalized images and optical transmission, gap filler systems equipment, wireless LAN broadband network equipment, on-vehicle information systems, multi-functional compound antennas, BS/CS digital broadcasting, digital terrestrial broadcasting, mobile communications, cellular phones, etc.

In addition, we are initiating R&D programs that are focused on the Chinese market, training local engineers, reinforcing our Chinese bases, making our workforce more international, and creating a structure capable of responding locally to global demand.

Currently, R&D activities are primarily conducted by the technology unit (which includes the Technical Center) under the Manufacturing Division. As of March 31, 2007, 152 employees were engaged in these activities, including the improvement of existing products, with related spending for the consolidated fiscal year totaling ¥1,447 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, 2007:

Thousands of yen	Value	YOY (%)
Manufacturing	20,187,626	108.1
Construction	8,024,341	106.2
Total	28,211,967	107.5

- (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, 2007:

Thousands of yen	Value of orders	YOY (%)	Orders outstanding	YOY (%)
Manufacturing	15,160,882	117.2	1,040,882	113.0
Construction	9,600,026	133.8	3,726,167	173.3
Total	24,760,908	123.2	4,767,049	155.2

(Note) Amounts are stated exclusive of consumption tax.

3. Sales

Sales (consolidated basis) at each business segment for the year ended March 31, 2007:

Thousands of yen	Amounts	YOY (%)
Manufacturing	23,430,659	114.2
Construction	8,024,341	106.2
Total	31,455,001	112.0

(Note) Amounts are stated exclusive of consumption tax.

Consolidated Financial Statements**Consolidated Balance Sheets**

(Thousands of yen)

Years ended March 31;	2006	2007
Assets		
Current assets		
Cash and deposits	6,391,336	5,662,819
Trade notes and accounts receivable	8,376,656	9,736,095
Marketable securities	—	200,000
Inventories	5,570,798	6,461,372
Deferred tax assets	295,931	303,782
Other current assets	1,159,858	949,738
Allowance for doubtful accounts	(35,882)	(29,404)
Total current assets	21,758,699	23,284,404
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,421,847	2,351,412
Machinery, equipment and vehicles	1,103,133	1,306,850
Land	942,726	942,726
Construction in progress	103,081	145
Other tangible fixed assets	847,948	974,699
Total tangible fixed assets	5,418,736	5,575,834
Intangible fixed assets		
Software	108,745	89,577
Other intangible fixed assets	24,016	23,926
Total intangible fixed assets	132,762	113,504
Investments and other assets		
Long-term deposits	500,000	500,000
Investment securities	1,880,015	1,646,179
Other assets	281,827	437,137
Allowance for doubtful accounts	(6,785)	(28,427)
Total investments and other assets	2,655,057	2,554,888
Total fixed assets	8,206,557	8,244,227
Total assets	29,965,257	31,528,631

Nippon Antenna

		(Thousands of yen)	
Years ended March 31;		2006	2007
Liabilities			
Current liabilities			
Trade notes and accounts payable		4,812,548	5,149,914
Accounts payable-construction		1,036,438	1,076,010
Accrued income taxes		67,588	381,087
Accrued expenses		240,472	321,343
Reserve for bonuses		534,617	519,818
Other current liabilities		522,374	773,797
Total current liabilities		7,214,039	8,221,971
Long-term liabilities			
Allowance for employees' retirement benefits		711,385	729,176
Allowance for directors' retirement benefits		287,060	240,460
Deferred tax liabilities		188,565	110,847
Other long-term liabilities		7,836	36
Total long-term liabilities		1,194,847	1,080,519
Total liabilities		8,408,887	9,302,490
Shareholders' equity			
Common stock		4,673,616	—
Additional paid-in capital		6,318,554	—
Retained earnings		10,465,371	—
Unrealized gain on other securities		883,612	—
Foreign currency translation adjustments		(217,887)	—
Treasury stock		(566,897)	—
Total shareholders' equity		21,556,369	—
Total liabilities and shareholders' equity		29,965,257	—
Net assets			
Shareholders' equity			
Common stock		—	4,673,616
Additional paid-in capital		—	6,318,554
Retained earning		—	11,086,242
Treasury stock		—	(571,380)
Total shareholders' equity		—	21,507,031
Valuation and translation adjustments			
Unrealized gain on other securities		—	758,013
Foreign currency translation adjustments		—	(38,904)
Total valuation and translation adjustments		—	719,108
Total net assets		—	22,226,140
Total liabilities and net assets		—	31,528,631

Consolidated Statements of Income

	(Thousands of yen)	
Years ended March 31;	2006	2007
Net sales		
Sales of goods	20,518,276	23,430,659
Sales on construction	7,557,772	8,024,341
	28,076,048	31,455,001
Cost of sales		
Cost of goods sold	15,425,779	17,337,530
Cost of construction	6,058,015	6,295,224
	21,483,794	23,632,754
Gross profit	6,592,253	7,822,246
Selling, general and administrative expenses	6,318,675	6,366,656
Operating income	273,578	1,455,590
Non-operating income		
Interest and dividend income	23,270	49,276
Foreign exchange gain	490,605	78,975
Other income	80,633	78,152
	594,509	206,403
Non-operating expenses		
Sales discounts	84,611	96,159
Other expenses	7,189	5,984
	91,801	102,144
Ordinary income	776,287	1,559,849
Extraordinary income		
Gain on sales of fixed assets	303	822
Gain on sales of investment securities	30,392	—
Gain on adjustment of previous period	—	59,558
	30,696	60,381
Extraordinary loss		
Loss on disposal of fixed assets	27,802	124,517
Valuation loss on investment securities	17,182	22,796
Other extraordinary loss	—	1,970
	44,984	149,283
Income before income taxes and other adjustments	761,998	1,470,948
Corporate, inhabitant and enterprises taxes	345,075	544,709
Deferred income taxes	49,210	739
Net income	367,712	925,499

Consolidated Statements of Changes in Net Assets

FY2006(April 1,2006 to March 31, 2007)

(Thousands of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	4,673,616	6,318,554	10,465,371	(566,897)	20,890,643
Changing during the period					
Dividends paid			(286,437)		(286,437)
Bonuses to directors and corporate auditors			(18,190)		(18,190)
Net income			925,499		925,499
Purchase of treasury stock				(4,483)	(4,483)
Changes in other than shareholder's equity during the period					
Total changes of the period	—	—	620,871	(4,483)	616,387
Balance as of March 31, 2007	4,673,616	6,318,554	11,086,242	(571,380)	21,507,031

	Valuation and translation adjustments			Total net assets
	Unrealized gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance as of March 31, 2006	883,612	(217,887)	665,725	21,556,369
Changing during the period				
Dividends paid				(286,437)
Bonuses to directors and corporate auditors				(18,190)
Net income				925,499
Purchase of treasury stock				(4,483)
Changes in other than shareholder's equity during the period	(125,599)	178,982	53,383	53,383
Total changes of the period	(125,599)	178,982	53,383	669,771
Balance as of March 31, 2007	758,013	(38,904)	719,108	22,226,140

Consolidated Statements of Retained Earnings

(Thousands of yen)

Years ended March 31;	2006
Balance at beginning of the period	10,410,865
Increase in retained earnings	
Net income	367,712
Decrease in retained earnings	
Cash dividends paid	286,606
Bonuses to directors and statutory auditors	26,600
Balance at end of the period	10,465,371

Consolidated Statements of Cash Flows

(Thousands of yen)

Years ended March 31;	2006	2007
Cash flows from operating activities		
Income before income taxes	761,998	1,470,948
Depreciation and amortization	790,427	782,815
Valuation loss on investment securities	17,182	22,796
Gain on sales of investment securities	(30,392)	170
Increase in allowance for retirement benefits	37,545	17,790
Increase (decrease) in allowance for directors' retirement benefits	24,330	(46,600)
Increase (decrease) in allowance for bonuses	8,026	(14,799)
Increase (decrease) in allowance for doubtful accounts	(29,534)	14,522
Interest and dividend income	(23,270)	(49,276)
Foreign exchange gain	(289)	1,895
Interest and discount expenses	49	—
Gain on sales of fixed assets	(303)	(822)
Loss on disposal of fixed assets	27,802	124,517
Decrease (increase) in trade receivables	(52,231)	(1,220,503)
Decrease (increase) in inventory	(119,542)	(843,973)
Increase (decrease) in trade payables	187,644	258,034
Directors' bonuses	(26,600)	(18,190)
Others	108,782	185,049
Subtotal	1,681,623	684,373
Interest and dividend income	20,975	49,300
Income tax and others	(535,303)	(234,083)
Interest expenses	(49)	—
Net cash provided by operating activities	1,167,245	499,590
Cash flows from investing activities		
Payments for Long-term deposits	(500,000)	—
Payments for purchases of marketable securities	—	(200,000)
Payments for purchases of investment securities	(23,692)	(1,198)
Proceeds from sales of investment securities	40,764	327
Payments for acquisition of tangible and intangible fixed assets	(795,900)	(926,651)
Proceeds from sales of tangible and intangible fixed assets	29,464	2,222
Payments for loans	(7,533)	(590)
Proceeds from collection of loans	12,181	30,842
Net cash provided by investing activities	(1,244,716)	(1,095,048)
Cash flows from financing activities		
Payments for purchases of treasury stock	(8,027)	(4,483)
Dividends paid	(286,807)	(286,846)
Net cash used in financing activities	(294,835)	(291,330)
Effect of exchange rate changes on cash and cash equivalents	114,216	158,271
Net Increase (decrease) in cash and cash equivalents	(258,091)	(728,517)
Cash and cash equivalents at beginning of period	6,649,427	6,391,336
Cash and cash equivalents at end of period	6,391,336	5,662,819

Segment Information

Business segment information

Thousands of yen	Manufacturing business	Construction business	Total	Eliminations and/or corporate	Consolidated
2006					
Sales					
Sales to external customers	20,518,276	7,557,772	28,076,048	—	28,076,048
Inter-segment transactions and transfers	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
2007					
Sales					
Sales to external customers	23,430,659	8,024,341	31,455,001	—	31,455,001
Inter-segment transactions and transfers	14,569	—	14,569	(14,569)	—
	23,445,229	8,024,341	31,469,570	(14,569)	31,455,001
Operating expenses	21,770,950	7,349,013	29,119,964	879,446	29,999,410
Operating income	1,674,278	675,327	2,349,606	(894,016)	1,455,590
Identifiable assets	17,960,640	3,958,751	21,919,392	9,609,239	31,528,631
Depreciation and amortization	736,892	13,235	750,128	32,687	782,815
Capital expenditures	917,209	7,595	924,804	8,998	933,802

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, 2007 and March 31, 2006, are summarized as follows:

Thousands of yen	Europe	North America	Asia	Other	Total
2006					
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

Thousands of yen	Europe	North America	Asia	Other	Total
2007					
Overseas sales	2,318,802	2,791,378	633,687	139,856	5,883,725
Consolidated sales					31,455,001
As % of net sales	7.4	8.9	2.0	0.4	18.7

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.