

# FACT BOOK

(2002.3 - 2006.3)



**DAISHINKU CORP.**

**株式会社 大真空**

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## Consolidated balance sheets<Current assets>

Unit : Million yen

|  | '02.3  | '03.3  | '04.3  | '05.3  | '06.3  |
|--|--------|--------|--------|--------|--------|
| <b>Assets</b>                            |        |        |        |        |        |
| <b>Current Assets</b>                    | 42,121 | 34,386 | 30,614 | 27,725 | 31,485 |
| Cash and time deposits                   | 15,927 | 16,727 | 12,458 | 6,342  | 7,441  |
| Notes and accounts receivable-trade      | 7,483  | 8,857  | 9,272  | 9,850  | 11,196 |
| Marketable securities                    | 3,087  | 689    | 1,289  | 3,795  | 2,840  |
| Inventories                              | 12,387 | 6,202  | 6,653  | 7,331  | 8,645  |
| Deferred tax assets                      | 1,636  | 4      | 28     | 42     | 23     |
| Other current assets                     | 1,626  | 1,937  | 964    | 679    | 1,403  |
| Allowance for doubtful receivables       | (27)   | (31)   | (51)   | (315)  | (66)   |
| <b>Fixed Assets</b>                      | 35,760 | 30,960 | 30,475 | 28,494 | 30,440 |
| <b>Net property, plant and equipment</b> | 29,286 | 26,642 | 26,547 | 25,238 | 27,506 |
| Buildings and structures                 | 9,147  | 8,274  | 7,990  | 7,401  | 7,676  |
| Machinery, equipment and vehicles        | 12,134 | 10,077 | 11,046 | 10,454 | 12,025 |
| Tools, furniture and fixtures            | 1,819  | 1,715  | 1,581  | 1,307  | 1,616  |
| Land                                     | 6,051  | 6,029  | 5,778  | 5,772  | 5,742  |
| Construction in progress                 | 133    | 545    | 150    | 278    | 445    |
| Others                                   | -      | -      | -      | 25     | -      |
| <b>Intangible fixed assets</b>           | 304    | 390    | 249    | 414    | 352    |
| Consolidation adjustments                | 121    | 171    | 69     | 253    | 195    |
| Others                                   | 183    | 218    | 180    | 160    | 157    |
| <b>Investments and other assets</b>      | 6,169  | 3,927  | 3,678  | 2,841  | 2,582  |
| Investments in securities                | 3,629  | 3,158  | 3,151  | 2,390  | 2,155  |
| Long-term loan receivables               | 573    | 193    | 129    | 128    | 1      |
| Deferred tax assets                      | 1,079  | 18     | 81     | 18     | 12     |
| Others                                   | 1,096  | 831    | 559    | 525    | 602    |
| Allowance for doubtful accounts          | (209)  | (274)  | (243)  | (221)  | (189)  |
| <b>Total</b>                             | 77,882 | 65,347 | 61,090 | 56,220 | 61,926 |

## Consolidated balance sheets<Liabilities>

Unit : Million yen

|  | '02.3  | '03.3    | '04.3   | '05.3   | '06.3  |
|--|--------|----------|---------|---------|--------|
| <b>Liabilities</b>   |        |          |         |         |        |
| Total Current Liabilities  | 9,856  | 16,348   | 11,840  | 8,945   | 13,469 |
| Notes and accounts payable-trade                                 | 2,248  | 2,174    | 1,846   | 2,255   | 2,271  |
| Short-term debt  | 1,788  | 2,104    | 2,161   | 2,188   | 2,784  |
| Current portion of long-term debt                                | 3,827  | 5,769    | 2,946   | 2,523   | 5,005  |
| Current portion of straight bonds                                | -      | 5,000    | -       | 300     | 300    |
| Current portion of convertible bonds                             | -      | -        | 3,335   | -       | -      |
| Accounts payable-other   | 662    | 244      | 641     | 634     | 1,265  |
| Accrued income taxes   | 268    | 61       | 57      | 194     | 278    |
| Accrued employees' bonuses                                       | 368    | 283      | 216     | 383     | 773    |
| Others   | 692    | 710      | 635     | 465     | 791    |
| Total Long-term Liabilities                                      | 28,158 | 22,722   | 17,441  | 14,852  | 13,131 |
| Straight bonds   | 5,000  | -        | -       | 2,700   | 2,400  |
| Convertible bonds  | 6,183  | 5,883    | -       | -       | -      |
| Long-term debt   | 13,480 | 13,243   | 14,765  | 9,664   | 7,015  |
| Deferred tax liabilities   | 399    | 303      | 710     | 584     | 923    |
| Reserve for retirement benefits for employees                    | 2,785  | 3,049    | 1,397   | 1,372   | 1,408  |
| Reserve for retirement allowances for directors                  | 244    | 143      | 161     | 167     | 186    |
| Long-term accounts payable                                       | -      | -        | -       | -       | 890    |
| Others   | 65     | 100      | 405     | 363     | 306    |
| Total liabilities  | 38,014 | 39,071   | 29,282  | 23,797  | 26,600 |
| <b>Minority Interests</b>  |        |          |         |         |        |
| Minority Interests   | 756    | 364      | 1,826   | 2,463   | 2,922  |
| <b>Shareholders' Equity</b>                                      |        |          |         |         |        |
| Common stock   | 18,085 | 18,085   | 19,219  | 19,344  | 19,344 |
| Capital surplus  | 17,863 | 17,863   | 12,295  | 12,421  | 12,421 |
| Earned surplus   | 2,619  | (10,218) | (1,857) | (1,117) | 119    |
| Net unrealized loss on other marketable securities               | (188)  | 25       | 647     | 533     | 648    |
| Foreign currency translation adjustments                         | 737    | 199      | (251)   | (761)   | 509    |
| Treasury stock   | (5)    | (44)     | (72)    | (461)   | (641)  |
| Total Shareholders' Equity                                       | 39,111 | 25,911   | 29,981  | 29,958  | 32,402 |
| Total liabilities, minority interest<br>and shareholders' equity | 77,882 | 65,347   | 61,090  | 56,220  | 61,926 |

## Statements of income<Consolidated>

Unit : Million yen

|  | '02.3   | '03.3    | '04.3  | '05.3  | '06.3  |
|--|---------|----------|--------|--------|--------|
| <b>Operating profit and loss</b>   |         |          |        |        |        |
| Operating profit   |         |          |        |        |        |
| Net sales  | 32,633  | 31,512   | 30,225 | 34,763 | 35,882 |
| Operating expenses   |         |          |        |        |        |
| Gross profit   | 30,183  | 28,419   | 23,342 | 27,399 | 27,221 |
| Selling, general and administrative expenses                                   | 5,960   | 5,809    | 5,210  | 5,728  | 6,122  |
| Operating income (loss)  | (3,510) | (2,716)  | 1,673  | 1,635  | 2,539  |
| <b>Non-operating profit and loss</b>   |         |          |        |        |        |
| Non-operating profit   | 1,822   | 661      | 366    | 598    | 1,340  |
| Interest income  | 59      | 35       | 35     | 36     | 52     |
| Dividend income  | 13      | 18       | 18     | 22     | 30     |
| Insurance proceed  | -       | -        | 109    | 82     | 85     |
| Foreign currency exchange gain   | 1,199   | -        | -      | 200    | 985    |
| Equity in earnings of affiliates   | 62      | -        | -      | -      | -      |
| Others   | 487     | 607      | 203    | 256    | 186    |
| Non-operating expenses   | 808     | 1,923    | 1,667  | 1,013  | 969    |
| Interest expense   | 411     | 399      | 444    | 408    | 405    |
| Loss on sales of securities  | 19      | -        | -      | -      | -      |
| Foreign exchange losses  | -       | 854      | 922    | -      | -      |
| Loss on cancellation of interest rate swap                                     | -       | -        | -      | 134    | -      |
| Loss in earnings of affiliates   | -       | 102      | -      | -      | -      |
| Others   | 376     | 567      | 301    | 470    | 563    |
| Ordinary profit (loss)   | (2,496) | (3,978)  | 372    | 1,220  | 2,909  |
| <b>Extraordinary gain or loss</b>  |         |          |        |        |        |
| Extraordinary gain   | 130     | 4        | 2,269  | 445    | 302    |
| Gain from the prior-term adjustment  | -       | -        | -      | 114    | -      |
| Gain on sales of fixed assets  | 26      | 2        | 8      | 13     | 1      |
| Gain on sale of investment securities  | -       | -        | -      | 309    | 284    |
| Profit from redemption of convertible bonds                                    | 51      | 1        | -      | -      | -      |
| Gain on sales of investments in a subsidiary                                   | -       | -        | 887    | -      | -      |
| Gain on return of substituted portion of employee pension fund                 | -       | -        | 1,075  | -      | -      |
| Gain on transfer to defined contribution pension plan                          | -       | -        | 202    | -      | -      |
| Others   | 52      | -        | 95     | 8      | 16     |
| Extraordinary losses   | 2,332   | 6,586    | 1,027  | 495    | 825    |
| Loss from prior period adjustments   | 139     | -        | -      | -      | -      |
| Loss on sales of fixed assets  | -       | 17       | 6      | 10     | 2      |
| Loss on retirement of fixed assets   | 33      | 49       | 3      | 166    | 120    |
| Impairment loss on fixed assets  | -       | -        | -      | -      | 530    |
| Loss relating to business structural reform                                    | -       | 5,394    | 529    | -      | -      |
| Valuation loss on investment securities  | 443     | 895      | -      | -      | -      |
| Loss from sales of investment securities                                       | 116     | -        | -      | -      | -      |
| Valuation loss on golf memberships   | 221     | 71       | 19     | 2      | 2      |
| Incremental benefits for early retirees  | 1,200   | -        | -      | -      | -      |
| Bad debt expense   | -       | -        | 248    | -      | -      |
| Transfer to allowance for bad debt   | -       | -        | -      | 265    | 168    |
| Loss on change holding ratio of subsidiary                                     | -       | -        | -      | 34     | -      |
| Income tax collected at the source in a past year in a consolidated subsidiary | -       | -        | 152    | -      | -      |
| Others   | 177     | 157      | 67     | 16     | 1      |
| Income (loss) before Income taxes  | (4,698) | (10,560) | 1,614  | 1,171  | 2,386  |
| Income taxes - current and corporate tax                                       | 217     | (33)     | 47     | 65     | 219    |
| Refund of corporate income tax   | -       | -        | (55)   | -      | -      |
| Income taxes - deferred  | (947)   | 2,479    | (46)   | (30)   | 247    |
| Minority Interest  | (18)    | (249)    | 10     | 251    | 306    |
| Net income (loss)  | (3,949) | (12,757) | 1,658  | 885    | 1,612  |

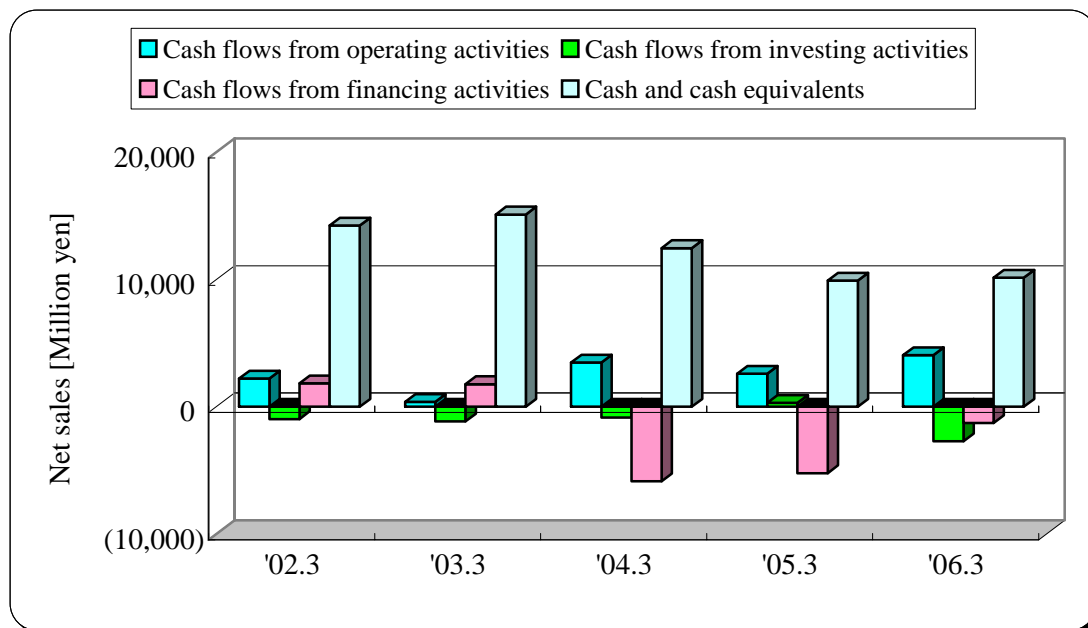
## Performance data<Consolidated>

|  | Unit        | '02.3   | '03.3    | '04.3  | '05.3  | '06.3  |
|--|-------------|---------|----------|--------|--------|--------|
| <b>Financial Highlights</b>                    |             |         |          |        |        |        |
| Net sales                                      | million yen | 32,633  | 31,512   | 30,225 | 34,763 | 35,882 |
| Operating Income                               | million yen | (3,510) | (2,716)  | 1,673  | 1,635  | 2,539  |
| Income before income taxes                     | million yen | (4,698) | (10,560) | 1,614  | 1,171  | 2,386  |
| Net income                                     | million yen | (3,949) | (12,757) | 1,658  | 885    | 1,612  |
| Total assets                                   | million yen | 77,882  | 65,347   | 61,090 | 56,220 | 61,926 |
| Sharholders' equity                            | million yen | 39,111  | 25,911   | 29,981 | 29,958 | 32,402 |
| <b>Performance Date</b>                        |             |         |          |        |        |        |
| [Profitability]                                |             |         |          |        |        |        |
| Operating income to net sales                  | %           | -10.8%  | -8.6%    | 5.5%   | 4.7%   | 7.1%   |
| Net income before income taxes to net sales    | %           | -14.4%  | -33.5%   | 5.3%   | 3.4%   | 6.6%   |
| Net income to net sales                        | %           | -12.1%  | -40.5%   | 5.5%   | 2.5%   | 4.5%   |
| Net income before income taxes to total assets | %           | -5.9%   | -14.7%   | 2.6%   | 2.0%   | 4.0%   |
| Return on assets                               | %           | -4.9%   | -17.8%   | 2.6%   | 1.5%   | 2.7%   |
| Return on equity                               | %           | -9.6%   | -39.2%   | 5.9%   | 3.0%   | 5.2%   |
| [Stability]                                    |             |         |          |        |        |        |
| Current ratio                                  | %           | 427%    | 210%     | 259%   | 310%   | 234%   |
| Fixed asset ratio                              | %           | 91%     | 119%     | 102%   | 95%    | 94%    |
| Sharholders' equity to total assets            | %           | 50%     | 40%      | 49%    | 53%    | 52%    |
| [Efficiency]                                   |             |         |          |        |        |        |
| Total assets turnover                          | times       | 0.4     | 0.4      | 0.5    | 0.6    | 0.6    |
| Receivables turnover                           | times       | 3.2     | 3.9      | 3.3    | 3.6    | 3.4    |
| Inventories turnover                           | times       | 2.5     | 3.4      | 4.7    | 5.0    | 4.5    |
| Fixed assets turnover                          | times       | 0.9     | 0.9      | 1.0    | 1.2    | 1.2    |
| [Per-share data]                               |             |         |          |        |        |        |
| Net income (loss) per share                    | yen         | (98.05) | (317.31) | 40.37  | 19.40  | 36.01  |
| Diluted net income per share*                  | yen         | -       | -        | 31.93  | 18.16  | -      |
| Shareholders' equity per share                 | yen         | 971.20  | 645.85   | 672.83 | 679.26 | 739.64 |
| [Consolidated/non-consolidated sales ratio]    |             |         |          |        |        |        |
| Net sales                                      | times       | 1.3     | 1.2      | 1.1    | 1.2    | 1.1    |
| Income before income taxes*                    | times       | 1.2     | -        | -      | 1.5    | 1.6    |
| Net income*                                    | times       | 1.4     | -        | -      | 1.2    | 1.1    |

\* There were losses posted for the years ended 2002 and 2003, therefore the consolidated/non-consolidated sales ratios cannot be calculated.

KDS has no dilutive securities outstanding as of and for the years ended March 31, 2006, and therefore the diluted earning per share does not exist.

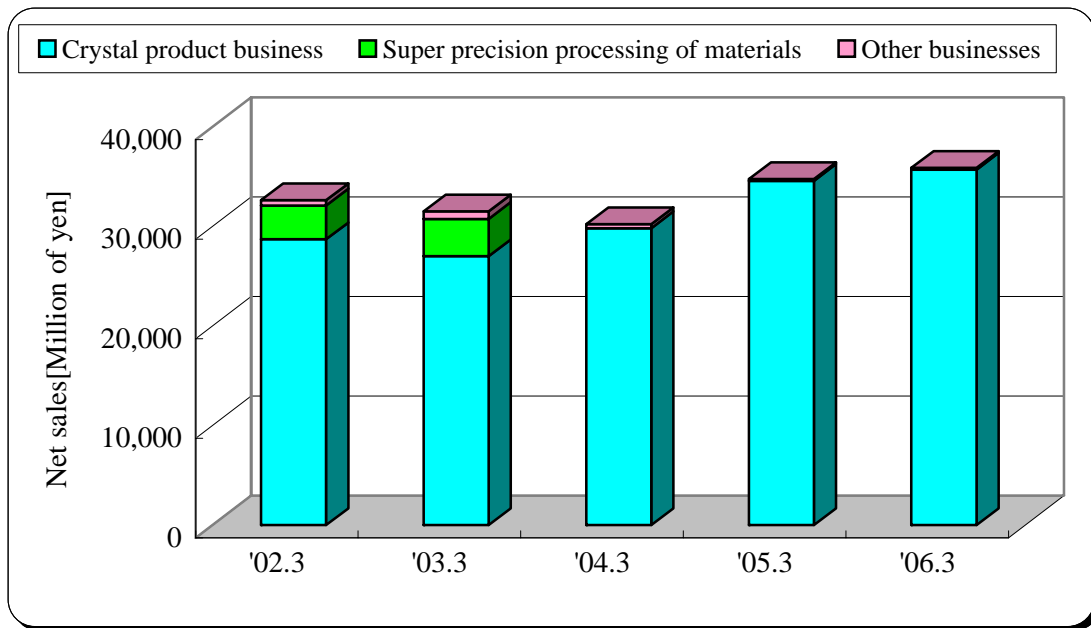
## Cash flows<Consolidated>



Unit : Million yen

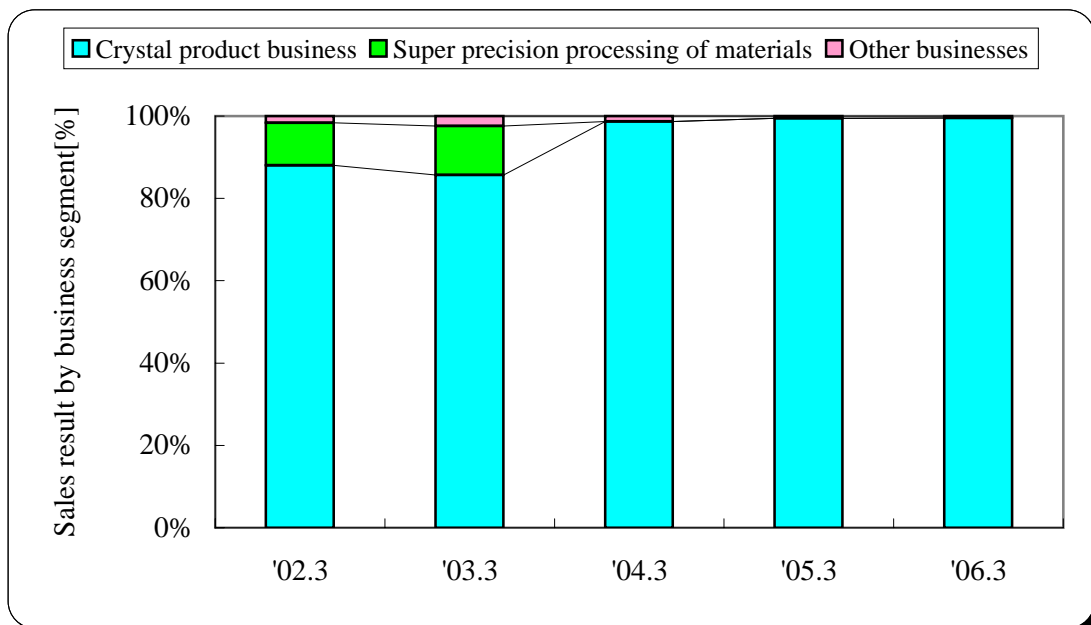
|                                      | '02.3  | '03.3   | '04.3   | '05.3   | '06.3   |
|--------------------------------------|--------|---------|---------|---------|---------|
| Cash flows from operating activities | 2,211  | 366     | 3,473   | 2,587   | 4,049   |
| Cash flows from investing activities | (977)  | (1,157) | (861)   | 303     | (2,719) |
| Cash flows from financing activities | 1,828  | 1,763   | (5,860) | (5,227) | (1,289) |
| Cash and cash equivalents            | 14,231 | 15,104  | 12,459  | 9,906   | 10,125  |

## Sales performance by business segment<Consolidated>



Unit : Million yen

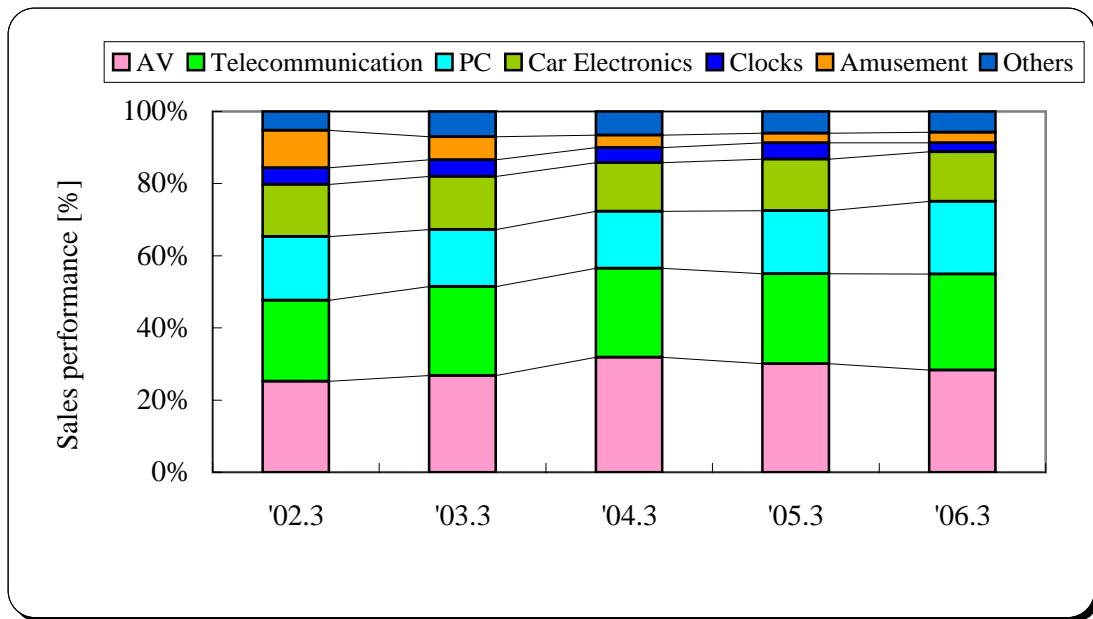
|   | '02.3  | '03.3  | '04.3  | '05.3  | '06.3  |
|---|--------|--------|--------|--------|--------|
| Crystal product business                | 28,718 | 27,004 | 29,826 | 34,574 | 35,712 |
| Super precision processing of materials | 3,383  | 3,750  | -      | -      | -      |
| Other businesses                        | 530    | 757    | 399    | 188    | 170    |
| Net sales                               | 32,633 | 31,512 | 30,225 | 34,763 | 35,882 |



Unit : %

|   | '02.3 | '03.3 | '04.3 | '05.3 | '06.3 |
|---|-------|-------|-------|-------|-------|
| Crystal product business                | 88.0% | 85.7% | 98.7% | 99.5% | 99.5% |
| Super precision processing of materials | 10.4% | 11.9% | -     | -     | -     |
| Other businesses                        | 1.6%  | 2.4%  | 1.3%  | 0.5%  | 0.5%  |
| Net sales                               | 100%  | 100%  | 100%  | 100%  | 100%  |

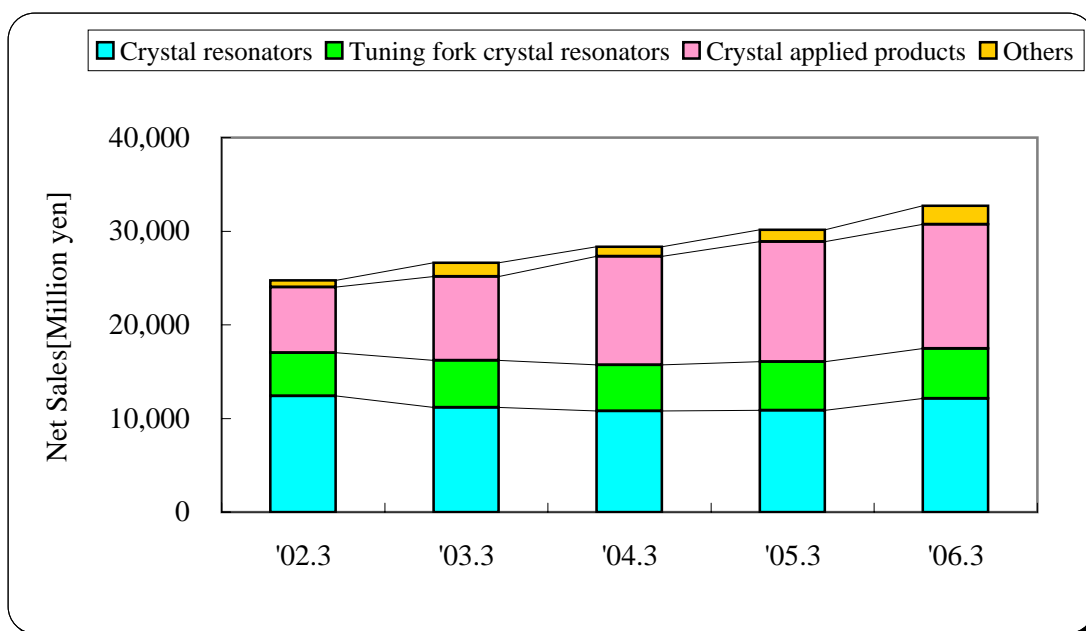
## Sales performance by application<Non-consolidated>



Unit : %

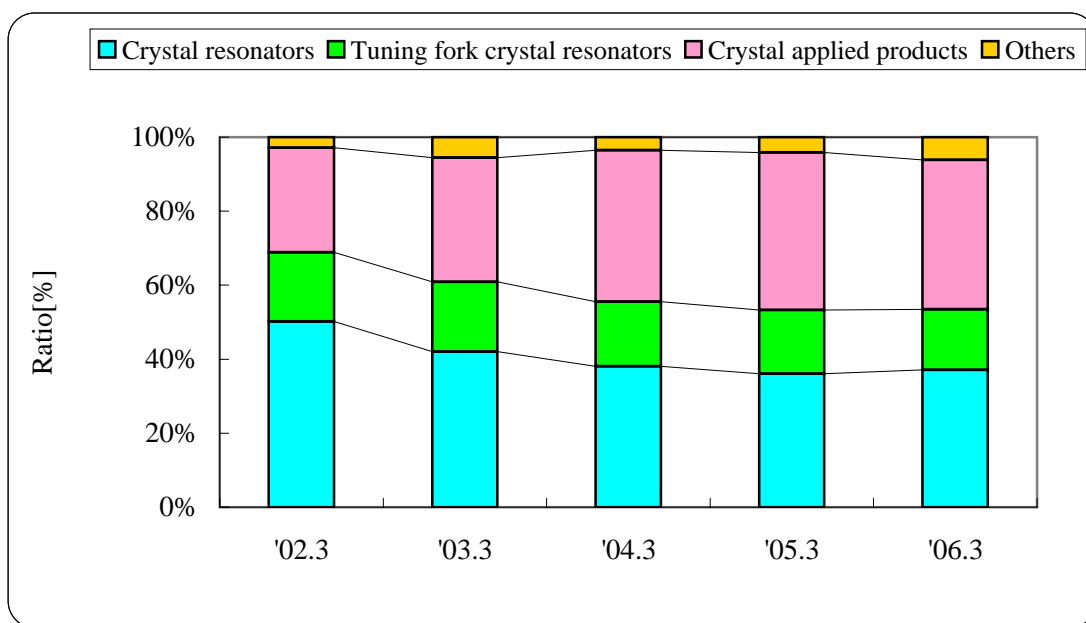
|                   | '02.3 | '03.3 | '04.3 | '05.3 | '06.3 |
|-------------------|-------|-------|-------|-------|-------|
| AV                | 25.2  | 26.8  | 31.9  | 30.1  | 28.3  |
| Telecommunication | 22.4  | 24.7  | 24.7  | 24.9  | 26.7  |
| PC                | 17.6  | 15.8  | 15.8  | 17.5  | 20.1  |
| Car Electronics   | 14.5  | 14.8  | 13.5  | 14.3  | 13.8  |
| Clocks            | 4.6   | 4.6   | 4.2   | 4.5   | 2.5   |
| Amusement         | 10.4  | 6.4   | 3.4   | 2.7   | 2.9   |
| Others            | 5.3   | 7.0   | 6.6   | 6.0   | 5.8   |
| Net sales         | 100   | 100   | 100   | 100   | 100   |

## Sales performance by product category<Non-consolidated>



Unit : Million yen

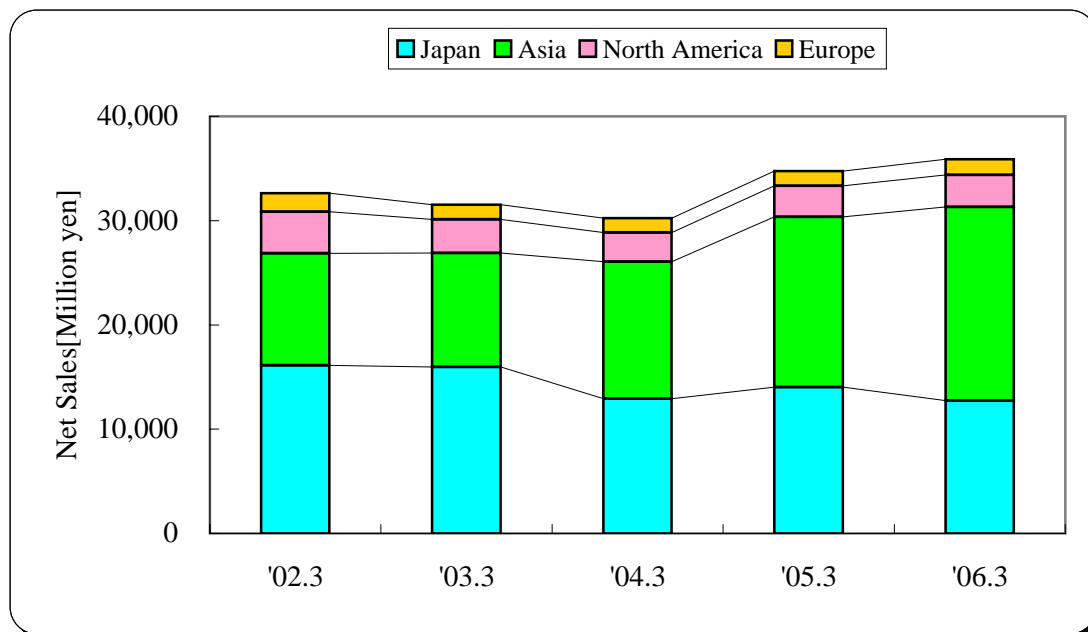
|                                | '02.3  | '03.3  | '04.3  | '05.3  | '06.3  |
|--------------------------------|--------|--------|--------|--------|--------|
| Crystal resonators             | 12,407 | 11,194 | 10,792 | 10,866 | 12,141 |
| Tuning fork crystal resonators | 4,626  | 5,018  | 4,948  | 5,205  | 5,344  |
| Crystal applied products       | 7,016  | 8,957  | 11,592 | 12,825 | 13,247 |
| Others                         | 699    | 1,463  | 1,013  | 1,262  | 1,999  |
| Net sales                      | 24,749 | 26,633 | 28,347 | 30,159 | 32,732 |



Unit : %

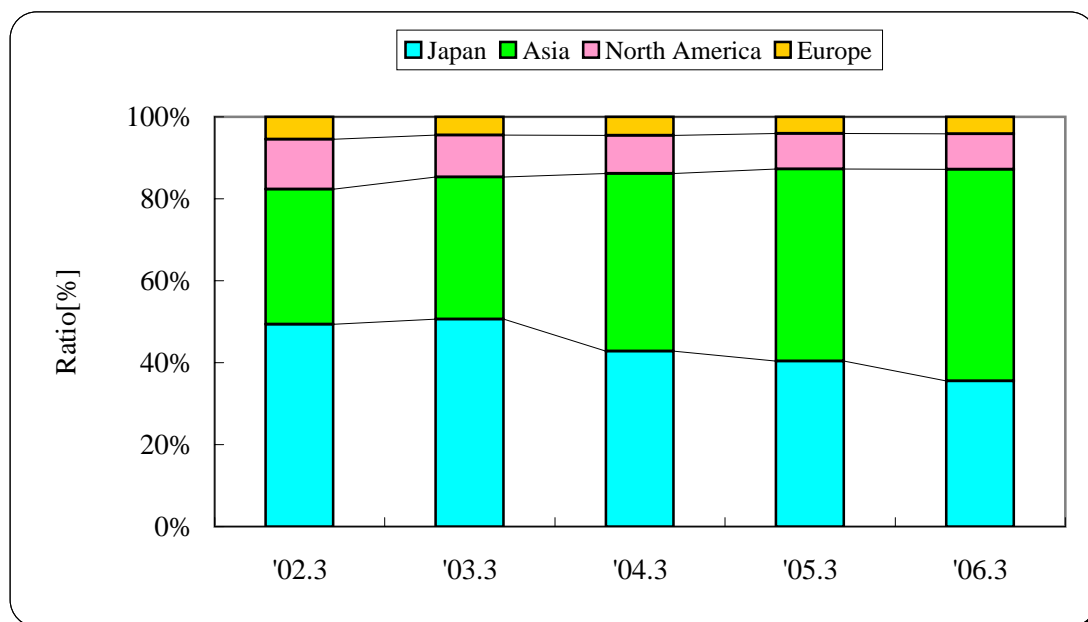
|                                | '02.3 | '03.3 | '04.3 | '05.3 | '06.3 |
|--------------------------------|-------|-------|-------|-------|-------|
| Crystal resonators             | 50%   | 42%   | 38%   | 36%   | 37%   |
| Tuning fork crystal resonators | 19%   | 19%   | 17%   | 17%   | 16%   |
| Crystal applied products       | 28%   | 34%   | 41%   | 43%   | 40%   |
| Others                         | 3%    | 5%    | 4%    | 4%    | 6%    |
| Net sales                      | 100%  | 100%  | 100%  | 100%  | 100%  |

## Sales performance by geographical region<Consolidated>



Unit : Million yen

|               | '02.3  | '03.3  | '04.3  | '05.3  | '06.3  |
|---------------|--------|--------|--------|--------|--------|
| Japan         | 16,102 | 15,963 | 12,932 | 14,031 | 12,741 |
| Asia          | 10,764 | 10,932 | 13,119 | 16,317 | 18,557 |
| North America | 3,994  | 3,220  | 2,807  | 2,998  | 3,085  |
| Europe        | 1,773  | 1,397  | 1,367  | 1,417  | 1,499  |
| Net sales     | 32,633 | 31,512 | 30,225 | 34,763 | 35,882 |



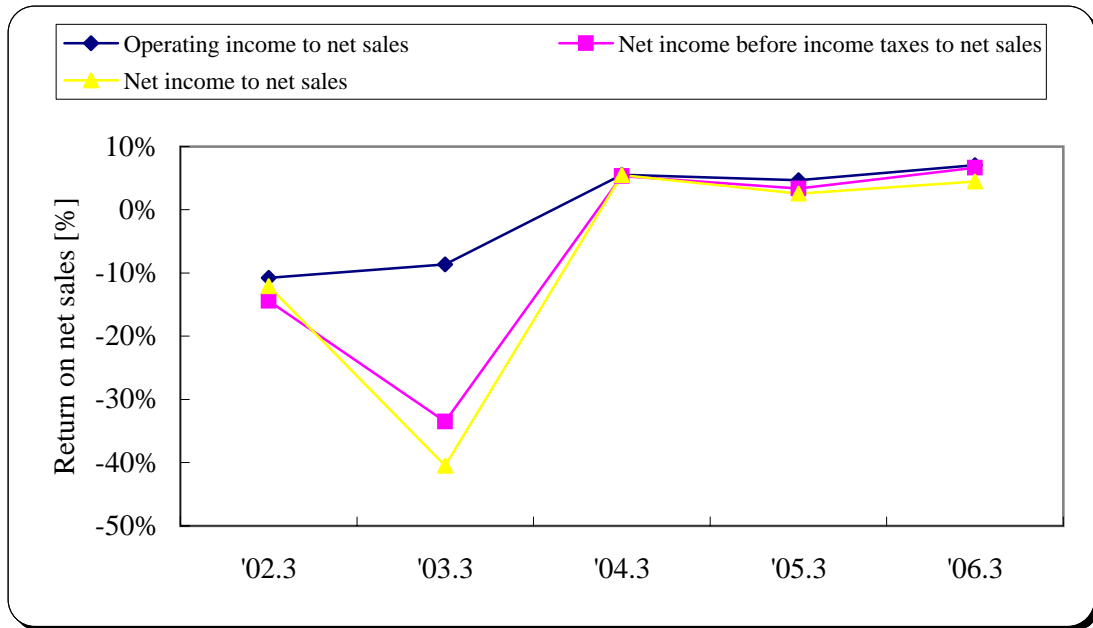
Unit : %

|               | '02.3 | '03.3 | '04.3 | '05.3 | '06.3 |
|---------------|-------|-------|-------|-------|-------|
| Japan         | 49%   | 51%   | 43%   | 40%   | 36%   |
| Asia          | 33%   | 35%   | 43%   | 47%   | 52%   |
| North America | 12%   | 10%   | 9%    | 9%    | 9%    |
| Europe        | 5%    | 4%    | 5%    | 4%    | 4%    |
| Net sales     | 100%  | 100%  | 100%  | 100%  | 100%  |

### Additional data<Consolidated>

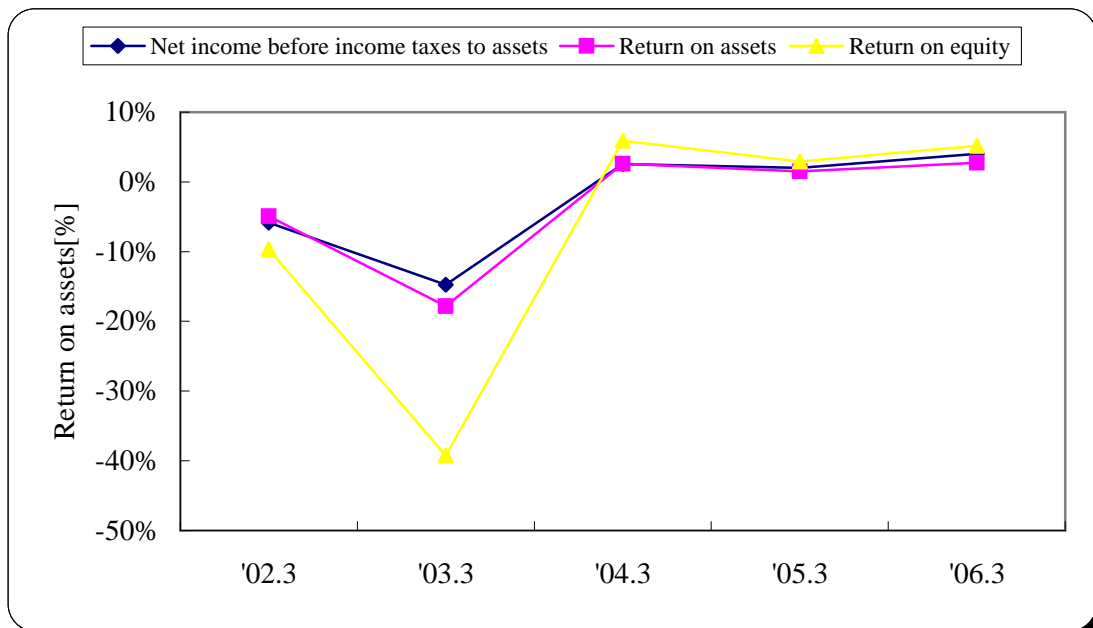
|                               | Unit        | '01.3 | '02.3 | '03.3 | '04.3 | '05.3 |
|-------------------------------|-------------|-------|-------|-------|-------|-------|
| Capital expenditures          | million yen | 3,396 | 2,345 | 1,582 | 1,461 | 3,449 |
| Depreciation                  | million yen | 3,937 | 3,402 | 3,075 | 2,786 | 2,748 |
| R&D expenses                  | million yen | 1,339 | 1,199 | 1,183 | 1,413 | 1,630 |
| R&D expenditures to net sales | %           | 4.1%  | 3.8%  | 3.9%  | 4.1%  | 4.5%  |
| Number of employees           |             | 6,472 | 7,133 | 8,691 | 7,716 | 7,719 |

## Profit ratio<Consolidated>



Unit : %

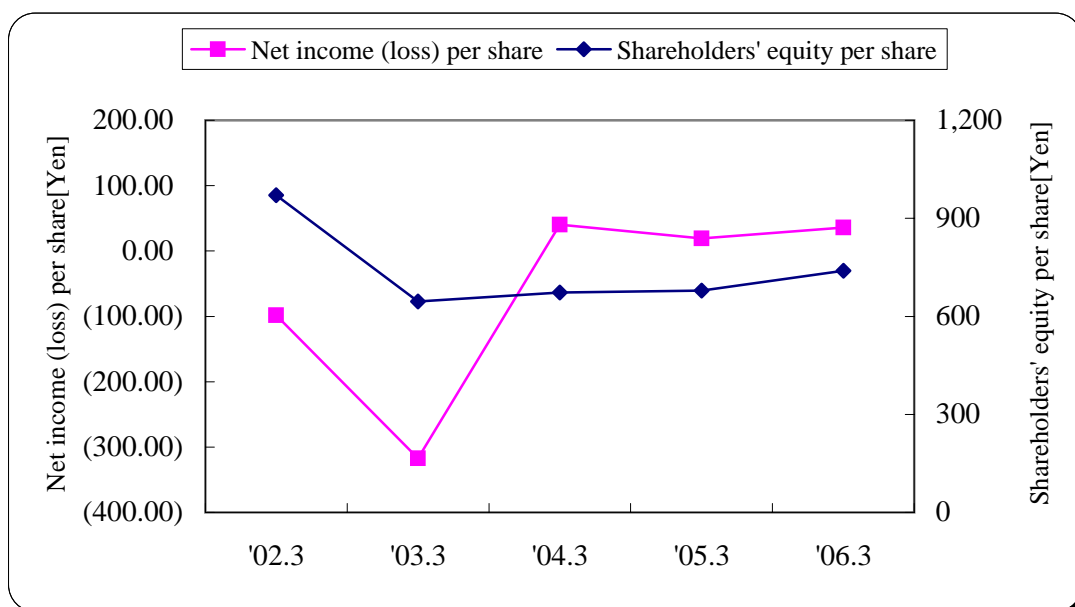
|   | '02.3  | '03.3  | '04.3 | '05.3 | '06.3 |
|---|--------|--------|-------|-------|-------|
| Operating income to net sales               | -10.8% | -8.6%  | 5.5%  | 4.7%  | 7.1%  |
| Net income before income taxes to net sales | -14.4% | -33.5% | 5.3%  | 3.4%  | 6.6%  |
| Net income to net sales                     | -12.1% | -40.5% | 5.5%  | 2.5%  | 4.5%  |



Unit : %

|  | '02.3 | '03.3  | '04.3 | '05.3 | '06.3 |
|--|-------|--------|-------|-------|-------|
| Net income before income taxes to assets | -5.9% | -14.7% | 2.6%  | 2.0%  | 4.0%  |
| Return on assets                         | -4.9% | -17.8% | 2.6%  | 1.5%  | 2.7%  |
| Return on equity                         | -9.6% | -39.2% | 5.9%  | 3.0%  | 5.2%  |

## Per share date



Unit : Yen

|                                | '02.3   | '03.3    | '04.3  | '05.3  | '06.3  |
|--------------------------------|---------|----------|--------|--------|--------|
| Net income (loss) per share    | (98.05) | (317.31) | 40.37  | 19.40  | 36.01  |
| Shareholders' equity per share | 971.20  | 645.85   | 672.83 | 679.26 | 739.64 |