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YUHO REPORT **Annual**

Fiscal Year Ended	December 31, 2006
Traded	JASDAQ
Stock Code	7963



KOKEN LTD.

YUHOREPORT

Koken Ltd.

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This report is based on the Company's Japanese-language annual filing with the Financial Services Agency and supplemented with materials that facilitate comparison with the Company's peers. The materials from the annual filing with the Financial Services Agency have been edited and reorganized in a format more familiar to the international investment community. All information contained in this report has been obtained from sources believed to be reliable, but the accuracy of the data and the translation and the completeness and timeliness of the information are not warranted by the Company, Pacific Associates, or PRONEXUS. None of the above parties shall be responsible for any error or omission or for results obtained from the use of this information.

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Company Profile

Financial highlights

Years ended December 31; Thousands of yen	2002	2003	2004	2005	2006	Change 2006/2002
Net sales	6,744,836	6,534,403	6,621,020	7,123,035	7,785,851	115%
Ordinary profit	453,041	338,162	386,081	737,929	694,232	153%
Net income	140,263	138,575	201,498	389,454	348,430	248%
Common stock	674,265	674,265	674,265	674,265	674,265	100%
Shares outstanding	5,104,003	5,104,003	5,104,003	5,104,003	5,104,003	100%
Shareholders' equity	6,388,925	6,534,804	6,687,635	7,173,742	7,329,569	115%
Total assets	13,571,554	13,826,459	14,080,952	14,720,104	15,155,100	112%
Shareholders' equity per share (Yen)	1,296.55	1,312.36	1,340.06	1,431.14	1,451.79	112%
Dividends per share (Yen)	15.00	15.00	15.00	25.00	25.00	167%
Net income per share (Yen)	28.42	24.93	36.35	70.03	69.39	244%
Net income per share, fully diluted (Yen)	28.35	24.81	36.26	69.57	68.91	
Dividend payout ratio (%)	52.7	53.8	37.0	32.0	36.2	
Net cash provided by operating activities	675,259	431,161	344,418	405,532	473,220	
Net cash used in investing activities	(316,618)	(697,222)	(220,600)	(557,080)	(1,255,581)	
Net cash used in financing activities	(55,102)	(182,406)	(86,181)	(215,522)	404,106	
Cash and cash equivalents at end of term	2,561,536	2,113,069	2,150,706	1,783,636	1,405,382	
Employees	188	194	197	201	206	110%

Figures are rounded to the nearest thousand yen for fiscal years up to and including the year ended December 31, 2005, but rounded down thereafter.

Peer comparisons

Percent	2002	2003	2004	2005	2006
Net income / net sales (%)	2.1	2.1	3.0	5.5	4.5
Peers	(6.7)	(17.8)	(5.9)	1.6	(1.4)
Ordinary profit / net sales (%)	6.7	5.2	5.8	10.4	8.9
Peers	(1.8)	(7.5)	(3.0)	4.4	4.6
Net income / equity (%)	2.2	2.1	3.0	5.4	4.8
Peers	2.3	1.5	(2.1)	7.0	3.4
Net income / assets (%)	1.0	1.0	1.4	2.6	2.3
Peers	1.0	(0.5)	(1.2)	2.6	1.9
Ordinary profit / assets (%)	3.3	2.4	2.7	5.0	4.6
Peers	5.2	3.9	1.9	5.4	6.8
Equity / assets (%)	47.1	47.3	47.5	48.7	48.4
Peers	50.6	51.7	51.5	51.9	51.8

Peers include 26 miscellaneous manufacturers listed on the Jasdaq Securities Exchange with a market value from 2 to 20 billion yen.

Common size statements

Years ended December 31; Percent			
	2004	2005	2006
Balance sheet			
Assets	100.0	100.0	100.0
Current assets	46.7	45.3	43.7
Tangible fixed assets	44.0	44.4	47.1
Intangible fixed assets	0.1	0.1	0.1
Investments and other assets	9.2	10.0	9.0
Total fixed assets	53.3	54.5	56.2
Total deferred assets	0.0	0.2	0.1
Liabilities	100.0	100.0	100.0
Current liabilities	36.7	18.1	20.6
Long-term liabilities	15.8	33.2	31.0
Total liabilities	52.5	51.3	51.6
Shareholders' equity			
Common stock	4.8	4.6	-
Capital surplus	3.7	3.6	-
Retained earnings	39.1	39.3	-
Unrealized gains or losses on other securities	0.7	1.9	-
Treasury stock	(0.8)	(0.7)	-
Total shareholders' equity	47.5	48.7	-
Net assets			
Common stock	-	-	4.4
Capital surplus	-	-	3.5
Retained earnings	-	-	39.4
Treasury stock	-	-	(0.3)
Total shareholders' equity	-	-	47.0
Valuation/translation gains (losses)	-	-	1.3
Total net assets	-	-	48.4
Statement of income			
Net sales	100.0	100.0	100.0
Cost of goods sold	53.8	51.6	53.7
Gross profit on sales	46.2	48.4	46.3
Selling, general and administrative expenses	38.8	36.5	35.6
Operating income	7.4	11.9	10.7
Nonoperating income	0.3	0.3	0.4
Nonoperating expenses	1.8	1.8	2.2
Ordinary profit	5.9	10.4	8.9
Extraordinary income	0.6	0.2	0.0
Extraordinary losses	1.0	1.5	0.7
Net income before taxes and special reserves for the term	5.5	9.1	8.2
Corporate, inhabitant and enterprise taxes	2.5	3.6	3.7
Net income	3.0	5.5	4.5

Business Overview

Description of business

The corporate group (the Company and its affiliates) consists of KOKEN LTD. (the Company) and one subsidiary. The Company manufactures and sells products that contribute to occupational health and safety, primarily providing particulate respirators, gas masks, and instruments and equipment for improving workplace environments, such as push-pull local ventilation systems, highly acidic electrolyzed water generators and magnetic rust/scale removers.

The Company rents its corporate headquarters from Sakai Tatemono Ltd., a company with which it has a close relationship.

History

Year	Month	Event
1943	May	Koshinkai Kenkyujo established.
1952	February	Koshinkai Kenkyujo converted to joint stock company.
1963	December	Company's production and sales divisions spun off as independent operations; KOKEN LTD. established and Hannou plant constructed.
1967	April	Hannou Laboratories established.
1968	December	Hoya plant established.
1976	October	Ashio plant established in Ashio, Tochigi Prefecture.
1977	January	Logistics center constructed in Ninomiya, Kanagawa Prefecture.
1981	January	Koken Bosai System established to sell occupational safety and health-protection equipment and to design and construct fire-prevention equipment and workplace environment improvement equipment.
1984	December	Hoya plant relocated to Tokorozawa and reestablished as Tokorozawa plant.
1985	June	Koshinkai Kenkyujo and Ninomiya Seisakusho acquired.
1986	December	Company's shares registered with Japan Securities Dealers Association as OTC-traded stock issue.
1987	July	Koken Bosai System acquired and Sayama Techno-Yard established in Sayama, with one portion of Hannou Techno-Yard relocated to Sayama Techno-Yard. (Names of plants and factories all changed to Techno-Yard.)
1988	July	Second phase of Sayama Techno-Yard construction completed, concluding relocation of Hannou Techno-Yard.
1989	August	New head office building constructed.
1992	March	New research wing completed for Tokorozawa Laboratories.
1997	December	Nakai Techno-Yard and Nakai Logistics Center established in Ashigarakami-gun, Kanagawa Prefecture. (Ninomiya Techno-Yard and Ninomiya Logistics Center integrated into newly established facilities of Nakai Techno-Yard and Nakai Logistics Center.)
1999	January	ISO 9001 certification obtained for entire company (registered on inspection).
	June	Gunma Techno-Yard constructed in Kasagake-cho, Nitta-gun, Gunma Prefecture.
2002	January	ISO 14001 certification obtained by Gunma Techno-Yard (registered on inspection).
2003	June	ISO 14001 certification obtained by Nakai Techno-Yard and Nakai Logistics Center (registered on inspection).
2004	December	Registration for OTC trading with Japan Securities Dealers Association canceled; shares listed on the Jasdaq Securities Exchange.
2005	May	ISO 14001 certification obtained by Tokorozawa Techno-Yard (registered on inspection).

Risk factors

The Company recognizes the following risks or potential risk factors as existing as of December 31, 2006:

Research and Development:

- As an R&D-driven, comprehensive environmental product manufacturing company, the Company invests management resources to bring highly innovative products to the market. Not all R&D will necessarily lead to the development of new products, however, or to growth in earnings. In addition, the Company's performance could be affected by circumstances which leave the Company no choice but to discontinue its R&D activities.
- The Company's product development is based on highly innovative technology, and it has consequently implemented the necessary procedures to protect its intellectual property, properties and large number of patents. There is, however, only so much laws can do to protect proprietary technology, and the possibility exists that the Company will not be able to prevent a third party from using its intellectual property to manufacture and sell products similar to the Company's. This could have an impact on the Company's results.

Legal and Regulatory

- The Company's businesses are governed by a number of legal restrictions, as set forth in statutes such as the Industrial Safety and Health Law, the Pharmaceutical Affairs Law, and the Product Liability Act; and it continues to strengthen its compliance capabilities and internal controls to ensure its ability to meet the requirements of these laws.
- Despite its best efforts, however, the Company may fail to meet one or more of these regulations, resulting in a recall of its products or other limitations on its businesses. In addition, the enactment of placement of new laws or revision of existing ones could impact the Company's financial performance by requiring it to incur expenses for capital investment or other needs.

Quality Assurance and Quality Management

- In addition to being designed for use in harsh environments, the Company's products must be extremely durable and trustworthy to fulfill their role in protecting human safety and health. To assure the highest levels of quality control, the Company has established quality management systems based on ISO9001 standards and has adopted the following measures:

- a) It maintains an independent quality verification office, which reports directly to the president; and
- b) It assigns personnel from this office to each techno-yard (plant) to monitor production and inspection procedures.
- The Company may for unforeseen reasons be cited, however, for noncompliance, product defects or malfunctions by the Ministry of Health, Labour and Welfare, which has been purchasing and testing respiratory protective devices since fiscal 2000. In such event, the Company could be forced to incur expenses for recalling and repairing such products, which could have an impact on its financial performance.

Natural Disasters, etc.

- The Company maintains production and technical facilities at four sites in the Kanto region (in Saitama, Gunma, and Kanagawa prefectures).
As part of efforts to develop a business continuity plan (BCP), the Company concluded an agreement in 2006 with a management consultancy firm to provide seismic risk consulting services.
- This included research to assess the potential impact on each site's facilities of an earthquake of serious magnitude in terms of the physical damage, secondary losses, injuries to personnel and damage suffered by customers and suppliers.
- The study concluded that the maximal financial impact on the Company of an earthquake measuring 8.0 or higher on the Richter scale caused by movement along the tectonic plate in the Sagami Bay trough would be equivalent to a total sum of 1,888 million yen for all Kanto-based facilities, and that, in the event of such a major disaster, the Company would suffer a loss of sales estimated at 1,277 million yen.
- Each facility is creating its own BCP based on the results of the study. Other efforts continue to minimize potential future physical and human losses due to natural disasters, fires or other large-scale incidents through the application of business continuity management (BCM).

Environmental Issues

- Following the discovery at two locations of pollution from trichloroethylene in soil and water tests carried out voluntarily by the Company at its research laboratories and techno-yards, the pollution was publicly disclosed and measures were implemented to restore the two sites in question to pollution-free conditions. Steady progress is being made in restoring these sites, but it is difficult to estimate the time required to complete the process. In the event that the purification process requires an extended period of time, there is a possibility that the related expenses could exert an impact on the Company's results.

Research and development

The Company is committed to research and development in its business domain, "Cleanliness, Health and Safety." It pursues development of original, creative technologies as well as versatile applications employing them.

With its accumulated knowledge and experience, the Company has acquired a stable market position, especially in the fields of "occupational health and safety implements" and "facilities for working environment improvement." Never satisfied with its current position, however, it continues to strive to achieve further technological innovation. The Company has established a matrix R&D structure that includes project teams for fundamental research on near-future technologies and applications.

Adoption of environmentally friendly designs and materials is one of the important criteria for development of new products. A total of 67 staff are responsible for research and development, and related expenditures during the year under review totaled 489 million yen.

The Company pursued the following activities during the year under review:

Mask segment

A major new product introduction during the year was the "Sakai-type 1821H" model, a lightweight omni-directional industrial particulate respirator that offers a high degree of protection while preserving an extensive field of vision. This mask is especially well suited to asbestos-related applications. In view of the high risk to users from even the slightest inhalation of asbestos dust or fibers, the mask has a built-in checking function to test the mask's ability to achieve a fully airtight fit.

The Company also launched the “Hi-Luck 350” series of disposable type particulate respirators in 2006. Featuring a clip-adjustable strap and special 3-D cushion construction, the masks in this model range are designed to fit snugly around the user’s face. The 350 series conforms to the Japanese DS2 national standard as well as to the N95 standard developed by the U.S. National Institute for Occupational Safety and Health (NIOSH).

The Company also launched the “Life Master” series of masks, which are designed for use in evacuation during fires, terrorist attacks or other emergencies. Effective against dust and hazardous fumes, these masks protect the eyes and face, as well as aiding healthy respiration under any conditions in which air quality has been significantly compromised.

Environment segment

After a lengthy process, the “Kagami Naishi” automatic endoscope cleaning system received regulatory approval in 2006. Elsewhere, the Company launched a household version of the EcoBeam magnetic rust/scale removers system (a larger version of which, the “EcoBeam XL” system, has been installed at many large corporations) and the “Koken Laminar DS-51” ventilation and purification system. This latter product is designed for use in autopsy training classes to prevent harm to students or trainers due to the formaldehyde vapors emitted by cadavers.

Other significant developments were achieved during the year in the following product areas:

- Full face-piece particulate respirator (1821H model)
- Hi-Luck disposable type particulate respirator (350, 355, 650 and 655 series)
- Life Master masks for use in evacuation during fires, terrorist attacks or other emergencies (MFN-15 and MFJ-15 models)
- Canister and canister with filter
- Combination air-line respirator with auxiliary self-contained air supply
- Fully automated endoscope cleaning systems (Kagami Naishi)
- Magnetic rust/scale removers systems (EcoBeam Solo)
- Autopsy-related ventilation/purification systems (Koken Laminar DS-51)

Analysis of financial condition and results of operations

(1) Financial analysis

Total assets stood at 15,155 million yen as of December 31, 2006, an increase of 434 million yen from the previous year-end.

Current assets: 6,627 million yen (decrease of 46 million yen)

This result mainly reflected declines in cash (378 million yen) and accounts receivable-trade (168 million yen) along with increases in notes receivable-trade (360 million yen) and inventories (110 million yen).

Fixed assets: 8,515 million yen (increase of 493 million yen)

This result primarily reflected new purchases of fixed assets totaling 585 million yen and a decrease in investment securities of 150 million yen.

Current liabilities: 3,123 million yen (increase of 460 million yen)

This improvement was primarily the result of increases of 300 million yen in bonds redeemable within one year and 100 million yen in long-term debt scheduled for repayment within one year.

Long-term liabilities: 4,701 million yen (decrease of 181 million yen)

This decrease was primarily the result of a 300 million yen decrease in bonds outstanding and a 192 million yen increase in long-term debt.

Net assets: 7,329 million yen (increase of 155 million yen)

The primary items were a 41 million yen increase in net income from the previous year and a 800 million yen decrease in unrealized gains or losses on other securities.

The equity ratio declined slightly to 48.4% from 48.7%.

(2) Results of operations

Sales:	7,785 million yen	(up 9.3%)
Operating income:	833 million yen	(down 1.5%)
Ordinary profit:	694 million yen	(down 5.9%)
Net income for the term:	348 million yen	(down 10.5%)

Sales:

In addition to increased demand across the board for masks used in asbestos hazard prevention, this result reflected higher sales of general industrial masks due to an economic upturn led by major manufacturers and increased demand for breath-synchronized blower masks across several industries.

Cost of goods sold:

The cost of goods sold increased by 498 million yen from the previous year to 4,177 million yen, reflecting higher sales. The gross profit margin worsened by 2.1 percentage points compared with the previous year, declining from 48.4% to 46.3%. This was the result of a sharp increase in raw materials costs along with an increase in the manufacturing cost ratio associated with a production correction affecting asbestos masks.

Selling, general and administrative expenses:

Despite efforts to reduce SG&A expenses, those expenses increased by 177 million yen to 2,774 million yen, primarily because of higher personnel expenses.

Operating income:

The operating profit margin fell by 1.2 percentage points to 10.7% from 11.9% in the previous year.

Nonoperating income and expenses:

Nonoperating income increased by 6 million yen to 27 million yen, primarily because of a 2 million yen increase in commissions received.

Nonoperating expenses were 37 million yen higher on a year-on-year basis at 166 million yen. This primarily reflected arrangement fees of 40 million yen.

Extraordinary income and losses:

Extraordinary income equalled 2 million yen, due mainly to profits arising from the liquidation of a subsidiary.

Extraordinary losses were 55 million yen. This mainly reflected a 21 million yen loss on the disposal of fixed assets and a loss of 29 million yen arising from asset impairment.

Corporate governance

(1) Basic philosophy concerning corporate governance

The Company aims to increase its enterprise value and shareholder and investor value. Toward these ends, it is endeavoring to strengthen its corporate governance to ensure the transparency and health of its management. It is also taking steps to build a management organization that achieves increased efficiency through clarified lines of responsibility and that responds rapidly to changes in the operating environment.

The Company also believes that disclosure is an important issue for management. Accordingly, its aim is to continue to disclose information in a timely, prompt, fair and transparent manner hereafter. Toward this end, it is endeavoring to increase opportunities for disclosure, to improve its methods of conveying information, and to add greater value to the information disclosed.

(2) Overview of corporate governance structures

- **Board of Directors:** The primary decision-making body of the Company, the Board of Directors meets once a month, as a rule, as provided for under the bylaws of the Board of Directors. In addition to deciding important matters concerning the execution of operations, the Board also oversees those operations. The Board is also prepared to meet on an as-needed basis to deal with issues that require prompt action.
- **Senior Management Meetings:** Senior Management Meetings, whose members consist of the directors, division managers, and heads of the respective departments, are convened once a month. Decisions of the Board of Directors are conveyed to the senior management at these meetings, which also provide occasions for divisional managers and heads of sales offices to make sales reports, and for senior management to be updated on operations in the various departments. Problem areas and policy responses are also discussed.
- **Board of Corporate Auditors:** The Company has adopted a system of corporate auditors. It elects four auditors (two of whom are outside auditors), who participate in Board of Directors meetings and, in so doing, monitor the performance of the directors and the Board of Directors.

(3) Development status of internal controls system

- The Company operates its business through three divisions: the Management Division, the Marketing Division and the Technology Division. Each division is headed by a division manager, and responsibilities are allocated such as to enable each division to act as a check on the others.

- To enhance efficiency and promote appropriate, rational management, the Company has established a number of internal regulations, which are reviewed regularly by the department heads to assure their compatibility with realities on the ground. The department heads perform the important role of ensuring that operations in their departments are carried out strictly in accordance with the applicable laws and ordinances.

(4) Risk management system development status

- The Management Division, Marketing Division and Technology Division all have their own systems to manage intra-divisional risks. At the same time, this arrangement is bolstered by a system of mutual checks and balances. Operational audits are conducted to assess the execution status of business processes according to internal audit regulations. In particular, quality assurance audits are conducted to perform quality checks on product-related processes. The results of internal audits are reported to the president, and systems are in place to facilitate the institution of improvement measures where necessary.
- The Management Division assumes overall responsibility for managing risk at the company level. While promoting the adoption of any required regulations, this division also continues to build risk management systems with the aim of mitigating projected risks and developing contingency measures against any foreseeable emergency situations.

(5) Directors' compensation

- Directors' compensation
Compensation paid to directors: 124,250,000 yen
Compensation paid to corporate auditors: 31,804,000 yen

(6) Auditors compensation

Fees paid to contracted financial auditors in accordance with Article 2-1 of the Certified Public Accountants Law were as outlined below.

- Misuzu Audit Corporation (formerly ChuoAoyama Audit Corporation):
12,600,000 yen (tax inclusive)
- Masayuki Maekawa, CPA: 4,200,000 yen (tax inclusive)

(7) Status of internal audits and auditing by corporate auditors

- Internal audits are the responsibility of the general manager of the Management Division, who directs an individual appointed by the president to audit the company's operation. The results of this individual's audits are reported to the president and, if necessary, measures to resolve any problems are adopted and follow-up audits carried out.
- Quality management audits, another facet of the Company's internal audit structure (equivalent to internal audits based on ISO9001 and JIS Q9001), are the responsibility of the head of the Quality Management Office, who also reports the audit results to the president. If an audit uncovers any failure to conform with quality standards, the heads of the inspection departments concerned are requested to correct the problems, and the impact of their follow-up measures is checked.
- In line with the initiation of production and sales activities for medical devices whose manufacturing and sale require approval under the Pharmaceutical Affairs Law (notably fully automated systems for washing and sterilizing endoscopes), the Company has constructed quality and safety management systems based on Japanese ministerial ordinances concerning the relevant standards applicable to medical equipment, such as QMS (Quality Management System; manufacturing and quality control), GQP (General Quality Plan; production-related quality control) and GVP (Good Vigilance Practice; post-marketing safety controls). Under this structure, the Company has appointed one person who undertakes management oversight of all quality and safety issues related to the manufacturing and sale of medical equipment. Two managers responsible for QC/QA issues and for safety management report to this person. The system involves close cooperation between these managers and the related departments. The Company continues to work to strengthen its quality and safety management systems to ensure the production and sale of medical equipment of the highest quality and safety.
- Based on Japanese occupational health and safety legislation, the Company has formulated internal OH&S regulations to ensure the health and safety of employees and to foster the creation of a safe and comfortable working environment. These regulations apply to management of the work, operating environment and health of all employees. Based on these rules and assisted by a dedicated team of staff, the head of the Safety & Environment Management Office conducts regular and ad hoc OH&S audits of the production, technical

and research facilities. The results of these audits are reported to the president. If such audits identify any areas of non-compliance, the head of the Safety & Environment Management Office can demand that the general managers of all the audited production, technical and research facilities implement any required corrective measures. Further checks are then carried out to confirm the effectiveness of such measures.

- As stated above, the Company has four corporate auditors, including two outside auditors. Besides attending meetings of the Board of Directors to audit the execution of directorial duties and Board operations, the corporate auditors also undertake internal audits based on the auditing plans formulated by the Board of Corporate Auditors.

(8) Statement regarding the relationships between the Company and its outside directors and corporate auditors (personal, share ownership-based, commercial or other)

- The Company does not have an outside director.
- None of the above relationships apply with respect to the corporate auditors.

(9) Names of certified public accountants participating in audit operations and composition of assistant teams

The Company receives financial auditing services under a contract signed with ChuoAoyama Audit Corporation (now Misuzu Audit Corporation). Details of the personnel involved in the financial audit conducted under this contract are provided below.

Engagement partner: Yoshimi Nakai, CPA

Engagement partner: Yoji Ohashi, CPA

Number of assistants involved in audits:

CPAs: 2

Assistant accountants: 4

Other staff: 4

The Company has also concluded an independent audit services contract with a CPA, Masayuki Maekawa. Details of the personnel involved in related auditing work are provided below.

CPA: Masayuki Maekawa

Number of assistants involved in audits:

CPAs: 7

Auditing system

The auditing system employed by Mr. Maekawa's accounting office is based on a system that has been approved as adequate and appropriate by Misuzu Audit Corporation.

On May 10, 2006, the Company's independent auditors ChuoAoyama Audit Corporation (now Misuzu Audit Corporation) received an administrative order from the Financial Services Agency instructing the firm to suspend business operations for two months, from July 1 to August 31, 2006. Disqualified to act in a professional capacity, ChuoAoyama Audit Corporation duly resigned as the Company's independent auditors effective July 1, 2006.

To avoid being without any independent financial auditor while the business suspension order was in effect, the Company entered into a contract with Masayuki Maekawa, CPA, to provide related services in a temporary capacity beginning July 1, 2006. In view of the high quality of services previously rendered by the firm, the Board of Corporate Auditors reappointed Misuzu Audit Corporation as an additional temporary financial auditor on September 1, 2006 once the business suspension order had lapsed.

In the opinion of the Company, the auditing services provided by Misuzu Audit Corporation, both during the period prior to institution of the aforementioned administrative penalty and subsequently, in the capacity of temporary financial auditor have been both strict and proper.

In addition, to strengthen its external management controls, the Company has entered into an advisory agreement with Sakura Kyodo Law Offices to provide specialized legal advice.

(10) Steps taken within the past year to improve corporate governance

- Meetings of the Company's Board of Directors, at which important management decisions are made and their execution overseen, are convened once a month.
- As concerns disclosure, the Company released explanatory information about its financial results for the year ended December 2005 and its financial results for the interim period of the year ended December 2006.

Directors

Name	Title	Joined company	Previous employment	Date of birth	Term	Shares owned Thousand shares
Masakazu Sakai	Representative Director, Chairman	Aug-67	Renown Shoji	22-Aug-41	2 years from the General Meeting of Shareholders (GMS) held on March 30, 2006	730
Hiroyuki Sakai	Representative Director, President	Apr-67		23-May-43	2 years from GMS held on March 30, 2006	699
Yosuke Yamasato	Representative Director, Executive Vice President	Sep-02	Ground Self-Defense Force	22-Jun-45	2 years from GMS held on March 30, 2006	4
Tadashi Shimosaka	Managing Director	Oct-88	Dayton Progress Corp.	3-Jan-43	2 years from GMS held on March 30, 2006	2
Tadashi Miyata	Managing Director	Nov-89	Toray Industries	14-Sep-39	2 years from GMS held on March 30, 2006	2
Mitsuji Muramatsu	Managing Director	Feb-06	Mizuho Bank	21-Feb-56	1 year from GMS held on March 29, 2007	-
Toshio Akiyama	Director	Apr-73		2-Apr-49	2 years from GMS held on March 30, 2006	4
Eitaro Tanaka	Director	May-84	Mitsubishi Petro-Chemical	3-Oct-49	2 years from GMS held on March 30, 2006	10
Yoshihiro Ito	Director	Jun-80	Sanshin Seisakusho	12-Jul-49	2 years from GMS held on March 30, 2006	5
Yuji Saito	Director	Jan-78	Skylark	22-Nov-54	2 years from GMS held on March 30, 2006	4
Kazushi Kimura	Director	Mar-76		26-Jul-53	2 years from GMS held on March 30, 2006	3
Kosuke Nozaki	Director	Apr-94	Japan Industrial Safety and Health Association	22-Jul-33	2 years from GMS held on March 30, 2006	1
Toshiyuki Tanaka	Standing Corporate Auditor	Apr-91	Kyowa Bank	11-Apr-38	4 years from GMS held on March 30, 2005	9
Kiminobu Nakamura	Standing Corporate Auditor	Jul-67	Koa Fire & Marine Insurance	15-Jan-38	4 years from GMS held on March 29, 2007	3
Hitoshi Emi	Corporate Auditor	Apr-03	Kanazawa University	12-Nov-37	4 years from GMS held on March 29, 2007	3
Hiroyuki Kawai	Corporate Auditor	Mar-07	Attorney at law	18-Apr-44	4 years from GMS held on March 29, 2007	-

Current assignments and previous positions in the Company have been omitted.

Employees

	Total or average
Number	206 [103]
Average age	36.9
Average years of service	11.8
Average annual salary (yen)	6,605,755

The number of employees refers to persons working on a regular basis; temporary employees are shown separately in parentheses.

The average annual salary includes bonuses.

Union

The Company has no labor union.

Stock option plans

The Company has adopted a stock option system, the principal features of which are as follows:

- 1) New stock subscription rights based on Article 280-20 and Article 280-21 of the old Commercial Code

(Resolution passed on March 30, 2004)

Date of resolution	March 30, 2004
Categories and numbers of persons to be granted rights	9 directors, 4 corporate auditors and 46 employees
Type of shares subject to rights	Common stock
Number of shares	97,000
Amount paid in at time of exercise of rights	(Note)
Period for exercise of rights	March 31, 2006 - March 30, 2009
Item concerning the assignment of rights	Approval of Board of Directors required

If the Company issues common stock or disposes of treasury stock at less than the market price (excluding instances in which it does so on the basis of exercise of stock options), moreover, the exercise price shall be adjusted in accordance with the following formula, with all fractional yen resulting from such adjustment rounded up to the next yen.

$$\begin{aligned} \text{Adjusted pay-in amount} &= \text{Pre-adjusted pay-in amount} \times \frac{\text{Number of shares previously outstanding} \times \text{Pay-in amount per share}}{\frac{\text{Number of new shares issued}}{\text{Market price per share}} + \text{Number of new shares issued}} \end{aligned}$$

The amount paid per stock option shall be the amount paid per share as determined below (hereinafter, "exercise price"), multiplied by the number of shares granted.

$$\begin{aligned} \text{Adjusted pay-in amount} &= \text{Pre-adjusted pay-in amount} \times \frac{1}{\text{Ratio of split or of reduction in number of shares outstanding}} \end{aligned}$$

2) New stock subscription rights based on Articles 236, 238 and 239 of the Corporation Law

(Resolution passed on March 29, 2007)

Date of resolution	March 29, 2007
Categories and numbers of persons to be granted rights	10 directors, 4 corporate auditors and 49 employees
Type of shares subject to rights	Common stock
Number of shares	113,000 shares maximum
Amount paid in at time of exercise of rights	(Note)
Period for exercise of rights	April 3, 2009 - March 31, 2012
Item concerning the assignment of rights	Approval of Board of Directors required
Item concerning the assignment of rights associated with organizational rearrangements	(Note)

1. *The number of shares subject to rights shall be adjusted in accordance with the following formula in the event of a stock split or reverse stock split by the Company. The adjustment shall be made to the number of shares subject to rights corresponding to stock options that are unexercised at the said time. Any fractional shares arising from such adjustment shall be rounded down.*

Adjusted number of shares = Pre-adjusted number of shares × Ratio of split or of reduction in number of shares outstanding

Moreover, if any adjustment of the number of shares subject to rights should be necessitated by the Company acquiring and merging with another firm or else establishing a new company, or by the Company undertaking any related exchange of shares, the Company shall be permitted to undertake any such adjustment as is deemed necessary.

2. *The amount paid per stock option shall equal the amount paid per share (hereinafter "exercise price") as determined below, multiplied by the number of shares granted.*

The exercise price shall be set as the average value of the price of the common stock of the Company at the close of trading as published by the Japan Securities Dealers Association (hereinafter "closing price") on each day (excluding any non-trading days) in the month preceding that in which the stock option issuance date falls. All fractional yen amounts resulting from such calculation shall be rounded down. However, if the exercise price is less than the closing price on the stock option issuance date (or the closing price on the most recent trading day if such date is a non-trading day), it shall equal the said closing price.

The amount paid shall be adjusted in accordance with the following formula in the event of any stock split or reverse stock split by the Company that occurs after the issuance of stock options, effective from the time that such event becomes legally valid. Any fractional shares arising from such adjustment shall be rounded down.

Adjusted pay-in amount

$$= \text{Pre-adjusted pay-in amount} \times \frac{1}{\text{Ratio of split or of reduction in number of shares outstanding}}$$

If the Company issues common stock or disposes of treasury stock at below market price (excluding any instances involving the exercise of stock options), the exercise price shall be adjusted in accordance with the following formula. All fractional yen resulting from such adjustment shall be rounded up to the nearest yen.

3. *All obligations pertaining to stock options shall be inherited by the wholly owning parent company in the event of any exchange or transfer of shares that results in the Company becoming a wholly owned subsidiary. Rules applying to the nature of the inherited stock options are specified below.*
- 1) *Type of wholly owning parent company shares subject to rights*
Shares in the wholly owning parent company of identical class
 - 2) *Number of wholly owning parent company shares subject to rights*
Adjusted in accordance with the share exchange or transfer ratio, with any fractional shares arising from such adjustment to be rounded down
 - 3) *Amount to be paid to exercise rights*
Adjusted in accordance with the share exchange or transfer ratio, with any fractional yen resulting from such adjustment to be rounded up to the nearest yen
 - 4) *Exercise period and other conditions pertaining to exercise of rights or acquisition-related status*
To be determined by resolution of the Board of Directors of the Company pursuant to the share exchange or transfer
 - 5) *Board approval of stock option transfers*
Transfers of stock options shall require the approval of the Board of Directors of the wholly owning parent company.

Cash Flows

Nonconsolidated statement of cash flows

Years ended December 31; Thousands of yen	2004	2005	2006
Net cash provided by operating activities			
Net income before taxes and other adjustments	364,403	647,178	640,933
Depreciation	342,399	345,500	536,940
Impairment losses	-	-	29,555
Losses on disposal of fixed assets	2,837	44,895	21,182
Increase (decrease) in allowance for doubtful accounts	7,470	5,896	-
Gains on sale of investment securities	(38,870)	-	(454)
Gains from liquidation of subsidiaries	-	-	(1,613)
Losses on sale of investment securities	7,609	-	-
Gains on redemption of golf memberships	-	(12,600)	-
Increase (decrease) in retirement benefits	54,848	(61,678)	(82,666)
Increase in directors' retirement allowances	63,832	23,600	12,400
Increase (decrease) in reserve for bonuses	15,000	61,000	31,000
Increase (decrease) in reserve for directors' and corporate auditors' bonuses	-	-	38,000
Interest and dividend income	(3,508)	(3,491)	(4,382)
Interest expenses	52,046	50,610	50,650
Interest expenses on bonds	46,673	38,671	25,260
Decrease (increase) in notes and accounts receivable	(460,116)	(286,716)	(191,712)
Decrease (increase) in inventory	191,911	(145,106)	(110,932)
Increase (decrease) in notes and accounts payable	(45,164)	87,439	(78,767)
Increase (decrease) in consumption tax payable	24,546	(27,358)	6,831
Directors' and corporate auditors' bonuses	(15,000)	(20,800)	(41,000)
Others	21,490	5,660	(63,674)
	632,406	752,700	817,548
Interest and dividend income	3,510	3,492	4,366
Interest expenses	(99,812)	(95,173)	(69,368)
Income tax and others	(191,686)	(255,487)	(279,326)
	344,418	405,532	473,220

K O K E N

Years ended December 31; Thousands of yen	2004	2005	2006
Net cash used in investing activities			
Increase in time deposits	(420,000)	(390,002)	(360,022)
Proceeds from decrease in time deposits	420,000	422,500	360,024
Proceeds from sale of investment securities	112,046	9,000	15,561
Payments for acquisition of tangible fixed assets	(420,769)	(655,670)	(1,372,178)
Proceeds from sale of tangible fixed assets	97,887	46,920	108,424
Payments for acquisition of intangible fixed assets	-	-	(9,840)
Payments for loans and advances	(6,500)	-	-
Proceeds from collection of loans and advances	964	1,500	1,476
Others	(4,228)	8,672	973
	(220,600)	(557,080)	(1,255,581)
Net cash used in financing activities			
Proceeds from increase in short-term borrowings	1,240,000	1,550,000	1,260,000
Payments of short-term borrowings	(1,240,000)	(1,552,000)	(1,078,000)
Proceeds from increase in long-term debt	700,000	1,300,000	1,100,000
Payments of long-term debt	(712,164)	(1,658,214)	(806,364)
Proceeds from issuance of bonds	296,450	2,165,400	-
Payments for redemption of convertible bonds	(300,000)	(1,950,000)	-
Proceeds from sale of treasury stock	4,053	6,752	53,704
Payments for purchase of treasury stock	-	(2,835)	(608)
Dividends	(74,520)	(74,625)	(124,625)
	(86,181)	(215,522)	404,106
Effect of exchange rate fluctuations on cash and cash equivalents	-	-	-
Increase (decrease) in cash and cash equivalents	37,637	(367,070)	(378,254)
Cash and cash equivalents at beginning of term	2,113,069	2,150,706	1,783,636
Cash and cash equivalents at end of term	2,150,706	1,783,636	1,405,382

Relationship between balance of cash and cash equivalents as of term-end and balance sheet items

Years ended December 31; Thousands of yen	2004	2005	2006
Cash and deposit accounts	2,381,206	1,981,639	1,603,382
Time deposits, etc., of 3 months or longer	(230,500)	(198,003)	(198,000)
Cash and cash equivalents at end of term	2,150,706	1,783,636	1,405,382

Capital expenditures

Capital expenditures during the term amounted to 1,279 million yen. The investments concerned were made to develop highly competitive new products in response to market needs and to establish efficient mass-production capabilities.

The bulk of the investments were for manufacturing equipment and metal molds for the Sayama Techno-Yard.

There were no sales or removals of equipment during the year that exerted a material impact on operations.

Dividend policy

The Company has consistently viewed rewarding shareholders as an important issue for management. In accordance with this view, it has adhered to a basic policy of maintaining and increasing its dividend payout.

The Company's basic policy is to declare dividends from retained earnings twice a year in the form of interim and final dividends. The level of the final dividend is subject to the approval of the General Meeting of Shareholders, while the Board of Directors determines the interim dividend.

In line with the above policy, common stock dividends for the year ended December 31, 2006 were set at 25 yen per share, including a special dividend of 10 yen per share. With the aim of sustaining future growth, the Company plans to appropriate retained earnings to strengthen the business base by investing in the research and development of new technologies and products and by applying funds to capital investment projects.

The Company's Articles of Incorporation contain the following provision: "The directors may declare an interim dividend each year with a reference date of June 30."

Dividends paid out of retained earnings for the year ended December 31, 2006 were as follows:

Date of decision	Dividend payout	Dividend per share
	(Millions of yen)	(Yen)
March 30, 2006 Resolution by General Meeting of Shareholders	124	25

Operations

Nonconsolidated statement of income

Years ended December 31; Thousands of yen	2004	2005	2006
Sales			
Net sales	6,462,232	7,043,893	7,724,698
Construction	158,788	79,142	61,152
	6,621,020	7,123,035	7,785,851
Cost of goods sold			
Finished goods and merchandise inventory, beginning of term	851,953	747,513	731,906
Production costs for the term	3,369,773	3,597,789	4,342,876
Purchase of merchandise for the term	45,618	51,854	18,073
Construction costs	87,971	49,125	37,661
	4,355,315	4,446,281	5,130,517
Transfers to other accounts	44,840	34,789	42,895
Finished goods and merchandise inventory, end of term	747,513	731,907	909,726
	3,562,962	3,679,585	4,177,895
Gross profit on sales	3,058,058	3,443,450	3,607,956
Selling, general and administrative expenses			
Packing and shipping expenses	97,830	106,866	111,701
Advertising expenses	137,559	152,803	140,404
Directors' salaries	116,964	126,744	120,396
Employees' salaries	660,677	678,525	688,958
Bonuses	98,859	113,581	123,940
Reserve provision for bonuses	91,833	120,721	139,206
Reserve provision for directors' and corporate auditors' bonuses	-	-	38,000
Reserve provision for directors' and corporate auditors' retirement allowances	20,900	23,600	22,100
Retirement benefit expenses	80,875	10,477	-
Employee benefit expenses	114,502	119,948	127,652
Travel and transportation expenses	109,469	117,798	110,033
Other office expenses	92,783	87,725	92,323
Rental expenses	187,701	184,941	197,660
Research expenses	447,735	422,979	489,366
Taxes and public dues	19,112	30,857	35,772
Depreciation expenses	82,075	65,956	59,883
Provision for doubtful accounts	-	1,118	4,867
Others	209,284	232,966	272,501
	2,568,158	2,597,605	2,774,769
Operating income	489,900	845,845	833,186

K O K E N

Years ended December 31; Thousands of yen	2004	2005	2006
Nonoperating income			
Interest income	679	711	533
Dividend income	2,829	2,780	3,849
Commissions received	4,250	8,976	10,998
Rental income	3,278	3,626	3,425
Land-related compensation	-	-	2,804
Others	5,891	5,145	6,356
	16,927	21,238	27,967
Nonoperating expenses			
Interest expenses	52,046	50,610	50,650
Interest expenses on bonds	46,673	38,671	25,260
Losses on sale of promissory notes	3,939	3,287	1,155
Issuing expenses for bonds	1,183	12,717	12,716
Arrangement fees	-	-	40,000
Others	16,905	23,869	37,139
	120,746	129,154	166,922
Ordinary profit	386,081	737,929	694,232
Extraordinary income			
Gains on sale of investment securities	38,870	-	454
Gains on redemption of golf memberships	-	12,600	-
Gains from liquidation of subsidiaries	-	-	1,613
	38,870	12,600	2,067
Extraordinary losses			
Losses on disposal of fixed assets	2,837	44,895	21,182
Losses on sale of investment securities	7,609	-	-
Provision for directors' retirement allowances for prior years	42,932	-	-
Provision for doubtful accounts	7,170	-	-
Expenses for disposal of fixed assets	-	14,800	2,670
Product recall expenses	-	43,656	1,959
Impairment losses	-	-	29,555
	60,548	103,351	55,366
Net income before taxes and special reserves for the term	364,403	647,178	640,933
Corporate, inhabitant and enterprise taxes	231,000	260,000	284,000
Deferred taxes	(68,095)	(2,276)	8,503
	162,905	257,724	292,503
Net income for the term	201,498	389,454	348,430
Retained earnings brought forward from previous term	200,844	208,986	
Unappropriated retained earnings, end of term	402,342	598,440	

Nonconsolidated appropriation of retained earnings

Thousands of yen	March 30, 2005	March 30, 2006
Unappropriated retained earnings, fiscal year-end	402,342	598,440
Disposition of voluntary reserves - total		
Disposition of reserve for reduction of asset costs due to contributions or subsidies	2,069	1,944
	404,411	600,384
Appropriation of retained earnings	195,425	365,599
Dividends - total	74,625	124,599
Directors' bonuses	20,800	41,000
[Corporate auditors' bonuses]	[4,000]	[7,000]
Voluntary reserves - total		
Special reserves	100,000	200,000
Retained earnings carried forward to following term	208,986	234,785

Nonconsolidated statement of changes in net assets

Thousands of yen; December 31, 2006	Shareholders' equity									
	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
	Common stock	Additional paid-in capital	Other capital surplus	Legal income reserves	Special reserve	Reserve for special depreciation	Retained earnings carried forward			
Balance as of Dec. 31, 2005	674,265	527,937	-	168,566	4,986,000	37,698	598,440	(102,191)	6,890,715	
Fractional number adjusted		(1)								
Changes during the term										
Provision for special reserves					200,000		(200,000)		-	
Reversal of reserve for asset reduction entries							(3,770)	3,770	-	
Dividends from retained earnings							(124,598)		(124,598)	
Directors' bonuses paid by appropriation of earnings							(41,000)		(41,000)	
Net income (loss)							348,430		348,430	
Acquisition of treasury stock								(608)	(608)	
Disposal of treasury stock			639					53,065	53,704	
Other changes in non-shareholders' equity items during the term (net)										
Total changes during the term	-	-	639	-	200,000	(3,770)	(13,398)	52,456	235,928	
Balance as of June 30, 2006	674,265	527,936	639	168,566	5,186,000	33,928	585,041	(49,734)	7,126,643	

Thousands of yen; December 31, 2006	Valuation/translation gains (losses)	
	Unrealized gains or losses on other securities	Net assets
Balance as of Dec. 31, 2005	283,027	7,173,742
Fractional number adjusted		
Changes during the term		
Provision for special reserves		-
Reversal of reserve for asset reduction entries		-
Dividends		(124,598)
Directors' bonuses paid by appropriation of earnings		(41,000)
Net income (loss)		348,430
Acquisition of treasury stock		(608)
Disposal of treasury stock		53,704
Other changes in non-shareholders' equity items during the term (net)	(80,101)	(80,101)
Total changes during the term	(80,101)	155,826
Balance as of June 30, 2006	202,925	7,329,569

Cost of goods sold

Years ended December 31; Thousands of yen	2004	%	2005	%	2006	%
Raw materials costs	1,878,614	56.4	2,043,992	56.1	2,367,040	54.2
Labor costs	499,242	15.0	528,024	14.5	558,970	12.8
Expenses	954,951	28.6	1,072,833	29.4	1,439,926	33.0
Total manufacturing overhead	3,332,807	100.0	3,644,849	100.0	4,365,937	100.0
Work-in-process inventory, beginning of term	245,425		208,459		255,519	
	3,578,232		3,853,308		4,621,456	
Work-in-process inventory, end of term	208,459		255,519		278,580	
Production costs for the term	3,369,773		3,597,789		4,342,876	
Expenses						
Subcontracted processing expenses	284,861		313,828		342,411	
Depreciation expenses	247,061		266,150		457,962	
Construction costs						
Raw materials costs	37,535	42.7	13,446	27.4	15,209	40.3
Labor costs	2,547	2.9	2,194	4.5	2,892	7.8
Subcontracted processing expenses	46,075	52.4	32,079	65.3	17,634	46.8
Expenses	1,814	2.0	1,406	2.8	1,924	5.1
	87,971	100.0	49,125	100.0	37,661	100.0

Results of operations

Year ended December 31, 2006

Buoyed up by strong private-sector capital investment and a pick-up in consumer spending, and despite another surge in commodity prices, the Japanese economy posted steady growth in the year ended December 2006.

Demand for industrial masks received a sustained boost from the extensive coverage of asbestos-related problems in the Japanese media in the second half of 2005. Although demand for specific related applications peaked in the first half of 2006, the market has been permanently enlarged by the creation of this new segment. In particular, the Company's range of breath-synchronized blower masks has gained substantial recognition within the asbestos removal industry as a safe and convenient protection aid for those workers involved in Level 1 tasks (defined as operations producing the greatest quantities of asbestos dust). Demand for asbestos hazard protection and other types of industrial masks also increased amid a manufacturing-led recovery. Mask segment sales increased 9.4% from the year before.

In the environmental equipment segment, the Company posted strong sales of a desktop-sized open-draft push-pull local ventilation system for installation in areas of medical facilities where formaldehyde is used. The Company also introduced the newly developed "Laminar DS-51" ventilation and air-purification system for use in autopsy rooms. This product proved popular with teaching hospitals, since it helps to protect students and teachers from formaldehyde vapors given off by cadavers during clinical training sessions.

Manufacturing and sales approval under the Pharmaceutical Affairs Law was received for "Kagami Naishi," a fully automated endoscope cleaning system, in February 2006. The product was formally launched in October 2006. Including this relatively small contribution, sales by the environmental equipment segment rose 7.7% compared with the previous year.

Total sales rose 9.3% from the previous year to 7,785 million yen.

Operating income declined 1.5% to 833 million yen, reflecting higher raw materials costs and an increase in the manufacturing cost ratio associated with a production correction affecting asbestos-related masks. Net income fell 10.5% to 348 million yen.

The Company secured a 2,000 million yen syndicated loan facility during 2006. This boosted nonoperating expenses in the form of arrangement fees. Outstanding borrowings under this facility as of the end of 2006 equaled 1,000 million yen.

Year ended December 31, 2005

Economic factors affecting operations

The tone in the Japanese economy was one of steady recovery, but some lingering concerns remained.

- Increasing private capital investment against the background of expanding corporate profits
- Improving employment environment

The uncertainties clouding the outlook were largely external:

- Sharply higher oil prices
- Trends in the Chinese economy

Discussion by product segment (percentage changes, year-on-year)

The mask segment recorded a 10.5% increase in sales, reflecting the following developments:

- An increase in demand for masks, principally from large manufacturers, reflecting the recovering economy
- A steady expansion in demand for new breath-synchronized blower masks, which the Company believes will develop into a major product line in the future. Growth in blower masks during the year benefited from:
 - Adoption of masks for workers engaged in tunnel construction
 - Increasing use in general industrial settings
 - Growing demand for asbestos-hazard prevention
- Government enforcement of “Regulations for the Prevention of Asbestos Hazards” in July 2005
 - A long-festering issue, health problems associated with asbestos exploded into a society-wide issue when asbestos hazards regulations took effect in July 2005.
 - Regulations and society-wide attention generated significantly higher-than-expected orders, which the Company met by operating at full capacity.
- Demand in these sectors overshadowed a sharp decrease in orders from the public sector.

Sales by the environmental segment equipment declined by 25.1%.

- Continued strong sales of Laminar Tables (an open-draft, table-top push-pull local ventilation system) to medical facilities which use formaldehyde
- Revenue growth offset by the voluntary recall of the Company's "Kagami Naishi" automatic endoscope washer

Financial analysis (percentage changes, year-on-year)

Net sales rose by 7.6% to a record-high level of 7,123 million yen.

Operating income and ordinary profit increased by 72.7% and 91.1%, respectively, reflecting the following:

- A significant decline in costs of sales, resulting from a combination of:
 - Reductions of raw materials costs and improved efficiencies in manufacturing
 - Transfer of installation work for environmental instruments and equipment to local contractors
 - A large inflow of orders for equipment to protect against asbestos hazards
- Efforts to reduce SG&A expenses

Net income increased by 93.3%.

- A 44 million yen extraordinary loss related to the recall of "Kagami Naishi," involving a recall of 24 of the 100 units sold
- The remaining 76 units remain in use by customer choice, despite the Company's explanations of the reasons for the recall and its requests to permit it to remedy the problem.

Production and sales

Production

Thousands of yen	2006	
	Amount	Year-on-year comparison (%)
Particulate respirators	4,526,945	111.2
Gas masks	1,757,819	109.8
Other products related to dust-protection masks and gas masks	1,416,469	130.7
	7,701,233	114.0
Environmental-improvement construction and facilities	375,063	128.7
	375,063	128.7
	8,076,296	114.6

Sales

Thousands of yen	2006	
	Amount	Year-on-year comparison (%)
Particulate respirators	4,250,211	105.5
Gas masks	1,718,436	105.8
Other products related to dust-protection masks and gas masks	1,379,272	129.7
	7,347,920	109.4
Environmental-improvement construction and facilities	437,931	107.7
	437,931	107.7
	7,785,851	109.3

Principal customers

Thousands of yen	2005		2006	
	Amount	% of net sales	Amount	% of net sales
Midori Anzen Yohin	1,270,565	17.8%	1,302,183	16.7%

Leases

Under generally accepted accounting principles in Japan, finance leases that do not involve transfer of ownership are accounted for in the same manner as operating leases when “as if capitalized” information is disclosed. The Company’s principal finance lease contracts are as follows:

Item	Number	Term (Months)	Current payments (Thousands of yen)	Future payments
Vehicles	61	12-60	26,913	42,884
OA equipment	1	12-72	42,715	120,226
Metal molds	211	12-36	63,992	130,442

Pro forma information on leased property is as follows:

Thousands of yen	2005	2006
Machinery and equipment		
Acquisition cost	100,872	100,872
Accumulated depreciation	50,352	62,520
Net leased property	50,520	38,352
Vehicles and delivery equipment		
Acquisition cost	22,088	25,913
Accumulated depreciation	17,407	18,960
Net leased property	4,681	6,954
Tools, furniture and fixtures		
Acquisition cost	473,330	487,937
Accumulated depreciation	285,778	263,923
Net leased property	187,552	224,013
Total		
Acquisition cost	596,290	614,723
Accumulated depreciation	353,537	345,404
Net leased property	242,753	269,319
Future minimum lease payments, including interest portion		
Due within one year	98,043	112,024
Due after one year	144,710	157,295
	242,753	269,319
Lease payments and pro forma depreciation expenses		
Lease payments	116,348	119,824
Pro forma depreciation expenses (assuming straight-line method)	116,348	119,824

Capital Structure

Nonconsolidated balance sheet: assets

December 31; Thousands of yen	2004	2005	2006
Current assets			
Cash	2,381,206	1,981,639	1,603,382
Notes receivable - trade	911,047	962,125	1,322,528
Accounts receivable - trade	1,877,767	2,113,404	1,944,714
Merchandise	201,512	174,258	150,705
Finished products	546,000	557,649	759,021
Raw materials	296,756	402,212	315,268
Work in process	209,285	255,708	278,786
Supplies	39,423	48,255	45,232
Prepaid expenses	29,239	63,032	70,552
Deferred tax assets	78,957	115,448	133,482
Others	5,753	4,294	8,112
Allowance for doubtful accounts	(3,100)	(4,000)	(4,000)
	6,573,845	6,674,024	6,627,786
Fixed assets			
Tangible fixed assets			
Buildings	2,682,166	2,782,731	3,181,812
Accumulated depreciation	1,430,298	1,513,260	1,618,397
	1,251,868	1,269,471	1,563,415
Structures	177,998	178,898	178,828
Accumulated depreciation	152,777	156,238	158,264
	25,221	22,660	20,563
Machinery and equipment	2,992,270	2,982,276	3,520,391
Accumulated depreciation	1,823,521	1,639,415	1,891,922
	1,168,749	1,342,861	1,628,468
Vehicles and delivery equipment	1,500	1,500	1,500
Accumulated depreciation	1,425	1,425	1,425
	75	75	75
Tools, furniture and fixtures	2,191,083	2,270,152	2,305,680
Accumulated depreciation	1,941,994	1,954,369	1,978,370
	249,089	315,783	327,309
Land	3,444,361	3,444,361	3,471,505
Construction in progress	51,259	146,090	115,280
	6,190,622	6,541,301	7,126,617

K O K E N

December 31; Thousands of yen	2004	2005	2006
Intangible fixed assets			
Patents	-	-	8,342
Telephone subscription rights	9,424	9,424	9,423
Leaseholds	1,057	1,057	1,057
Software	2,688	1,669	1,724
Others	1,089	960	831
	14,258	13,110	21,378
Investments and other assets			
Investments in securities	368,654	676,904	526,741
Capital stock of affiliated companies	5,000	5,000	-
Long-term loans to employees	7,124	5,624	4,148
Long-term prepaid expenses	20,127	11,419	9,873
Deferred tax assets	246,298	82,994	111,410
Leasing and guarantee deposits	155,507	121,939	122,067
Retirement benefit insurance premiums	573,675	606,539	636,543
Bankruptcy claims	545	-	-
Allowance for doubtful accounts	(77,070)	(43,000)	(43,000)
	1,299,860	1,467,419	1,367,783
Total fixed assets	7,504,740	8,021,830	8,515,780
Deferred assets			
Issuing expenses for bonds	2,367	24,250	11,533
	2,367	24,250	11,533
Total assets	14,080,952	14,720,104	15,155,100

Nonconsolidated balance sheet: liabilities and net assets

December 31; Thousands of yen	2004	2005	2006
Current liabilities			
Accounts payable - trade	130,383	217,822	139,054
Short-term borrowings	920,000	918,000	1,100,000
Current portion of long-term debt	1,542,214	678,064	779,692
Bonds redeemable within 1 year	1,950,000	-	300,000
Accounts payable - other	141,590	291,951	160,979
Accrued expenses	111,894	126,346	129,482
Income taxes payable	138,381	154,288	161,768
Consumption taxes payable	43,812	16,454	23,284
Deposits received	60,366	62,969	63,244
Reserve for bonuses	136,000	197,000	228,000
Reserve for directors' and corporate auditors' bonuses	-	-	38,000
Others	153	13	105
	5,174,793	2,662,907	3,123,612
Long-term liabilities			
Corporate bonds	300,000	2,500,000	2,200,000
Long-term debt	1,177,688	1,683,624	1,875,632
Employees' retirement benefits	386,824	325,147	242,479
Reserve for directors' and corporate auditors' retirement allowances	337,500	361,100	373,500
Others	16,512	13,584	10,306
	2,218,524	4,883,455	4,701,918
Total liabilities	7,393,317	7,546,362	7,825,531
Shareholders' equity			
Common stock	674,265	674,265	-
Capital surplus	527,937	527,937	-
Additional paid-in capital	527,937	527,937	-
Retained earnings			
Legal income reserves	168,566	168,566	-
Voluntary reserves - total			
Special reserves	4,886,000	4,986,000	-
Reserve for reduction of asset costs due to contributions or subsidies	39,767	37,698	-
Unappropriated retained earnings, fiscal year-end	402,342	598,440	-
	5,496,675	5,790,704	-
Unrealized gains or losses on other securities	94,866	283,027	-
Treasury stock	(106,108)	(102,191)	-
Total shareholders' equity	6,687,635	7,173,742	-
Total liabilities and shareholders' equity	14,080,952	14,720,104	-

K O K E N

December 31; Thousands of yen	2004	2005	2006
Net assets			
Shareholders' equity			
Common stock	-	-	674,265
Capital surplus			
Additional paid-in capital	-	-	527,936
Other capital surplus	-	-	639
	-	-	528,576
Retained earnings			
Legal income reserves	-	-	168,566
Other legal income reserves			
Special reserves	-	-	5,186,000
Reserve for reduction of asset costs due to contributions or subsidies	-	-	33,928
Retained earnings carried forward	-	-	585,041
	-	-	5,973,536
Treasury stock	-	-	(49,734)
	-	-	7,126,643
Valuation/translation gains (losses)			
Unrealized gains or losses on other securities	-	-	202,925
	-	-	202,925
Total net assets	-	-	7,329,569
Total liabilities and net assets	-	-	15,155,100

Trade credits

Notes receivable

Thousands of yen	2006
Shimatsu	119,391
Ohtsuka Brush Manufacturing	87,273
Simon	83,499
Riken Optech	58,803
Tanizawa Seisakusho	57,644
Others	915,915
	1,322,528

Accounts receivable trade

Thousands of yen	2006
Midori Anzen Yohin	708,178
Defense Agency	500,832
Simon	32,773
Shimatsu	32,526
National Police Agency	29,113
Others	641,289
	1,944,714

Turnover of accounts receivable

Thousands of yen	2006
Beginning balance	2,113,404
Increase	8,197,649
Collected	8,366,339
Ending balance	1,944,714
Turnover	81.1%
Average days for collection	90.3

Accounts payable trade

Thousands of yen	2006
Nakayama	9,403
Takaoka Shoji	9,188
Aruda Kogyo	8,281
Wamoto	6,993
Tsukuba Chemical	5,935
Others	99,252
	139,054

Marketable and investment securities

Thousands of yen	2006	
Stocks		
Investment securities	Number of shares	Book value
Other securities		
Resona Holdings, Inc. (8308)	768.35	254,287
Mizuho Financial Group, Inc. (8411)	163.75	138,353
Mizuho Financial Group, Inc. 11th series preferred stock (class 11)	50.00	50,000
Hitachi (6501)	60,500.00	42,894
Nikko Cordial Securities, Inc.	13,000.00	17,940
Mizuho Investors Securities (8607)	26,349.00	6,139
Mitsubishi UFJ Financial Group, Inc. (8306)	4.24	6,281
Ace Securities	10,000.00	2,550
Nomura Holdings, Inc. (8604)	1,750.00	3,762
Nippon Kanryu Industry (1771)	15,000.00	2,115
Sumitomo Mitsui Financial Group (8316)	1.00	1,218
Others (2 shares)	21.00	1,200
	127,607.34	526,741

Market value of securities

Quoted bonds being held to maturity

December 31; Thousands of yen	2005		
	Cost of acquisition	Book value	Unrealized gain (loss)
Bonds for which market values exceed the amounts shown on the consolidated balance sheet			
JGB, local government bonds, etc.	-	-	-
Corporate bonds	-	-	-
Others	5,000	5,001	1
	5,000	5,001	1
Bonds for which market values do not exceed the amounts shown on the consolidated balance sheet			
JGB, local government bonds, etc.	-	-	-
Corporate bonds	-	-	-
Others	10,000	9,994	(6)
	10,000	9,994	(6)
	15,000	14,995	(5)

Other quoted securities

Thousands of yen	2005			2006		
	Cost of acquisition	Book value	Unrealized gain (loss)	Cost of acquisition	Book value	Unrealized gain (loss)
Securities valued on the consolidated balance sheet at amounts greater than the purchase cost						
Shares	127,909	605,469	477,560	127,802	470,876	343,074
Bonds						
JGB, local government bonds, etc.	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Others	-	-	-	-	-	-
	127,909	605,469	477,560	127,802	470,876	343,074
Securities valued on the consolidated balance sheet at amounts not greater than purchase cost						
Shares	3,045	2,685	(360)	3,045	2,115	(930)
Bonds						
JGB, local government bonds, etc.	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Others	-	-	-	-	-	-
Others	-	-	-	-	-	-
	3,045	2,685	(360)	3,045	2,115	(930)
	130,954	608,154	477,200	130,847	472,991	342,144

In recognizing provisions for permanent declines in value, the Company applied the following standards: provisions were recognized for all securities whose market values had declined by more than 50 percent of the purchase cost as of the end of the term; for securities whose market values had declined by between 30 and 50 percent, the Company wrote down the amounts deemed necessary in light of the materiality of such amounts, the possibility of recovery of value, etc.

Other marketable securities sold during the year ended December 31, 2006

Thousands of yen		
2006		
Amount sold	Total gain on sales	Total loss on sales
561	454	-

Major investment securities for which market prices are not available

December 31; Thousands of yen	2005	2006
Other securities		
Unlisted stocks	53,750	53,750

Scheduled redemptions of bonds with maturity dates and bonds being held to maturity (among holdings in the "other securities" account)

Thousands of yen	Up to 1 year	Longer than 1 and up to 5 years	Longer than 5 and up to 10 years	Longer than 10 years
2005				
Bonds				
JGB, local government bonds, etc.	-	-	-	-
Corporate bonds	-	-	-	-
Others	15,000	-	-	-
Others	-	-	-	-
	15,000	-	-	-

Fixed assets

Facilities

The Company maintains plants (techno-yards) in four locations in Japan. It also operates 14 domestic sales offices as well as the Nakai Logistics Center and the Ninomiya Training Center. It conducts research at its Hannou Laboratories.

The Company's principal facilities are as follows:

Thousands of yen	Buildings and structures	Machinery, vehicles and delivery equipment	Land		Tools, furniture and fixtures	Total book value	Number of employees
			Book value	Square meters			
Company administration							
Head office	259,814	4,517	1,636,000	283.91	21,154	1,921,486	88
Manufacture of dust and gas masks							
Sayama Techno-Yard	598,462	1,195,732	792,433	12,826.12	82,429	2,669,059	25
Gunma Techno-Yard	373,683	234,108	405,140	9,256.83	86,780	1,099,714	9
Tokorozawa Techno-Yard	79,188	7,435	177,214	1,904.09	17,086	280,925	7
Manufacture and distribution of dust and gas masks							
Nakai Techno-Yard, Nakai Logistics Center	140,543	152,780	325,449	1,434.94	20,469	639,242	10
Research activities							
Hannou Laboratories	44,976	32,667	4,451	3,224.35	52,423	134,519	10

Fixed assets and depreciation

Thousands of yen	Beginning of term	Increase	Decrease	End of term	Depreciation		End of term, net
					Accumulated	Current	
					Tangible fixed assets		
Buildings	2,782,731	407,147	8,066	3,181,812	1,618,397	112,638	1,563,415
Structures	178,898	1,071	1,141	178,828	158,264	3,096	20,563
Machinery and equipment	2,982,276	605,925	67,810	3,520,391	1,891,922	304,561	1,628,468
Vehicles and delivery equipment	1,500	-	-	1,500	1,425	-	75
Tools and fixtures	2,270,152	239,813	204,285	2,305,680	1,978,370	115,072	327,309
Land	3,444,361	56,699	29,555	3,471,505	-	-	3,471,505
Construction in progress	146,090	1,400,776	1,431,585	115,280	-	-	115,280
	11,806,008	2,711,433	1,742,443	12,774,997	5,648,379	535,369	7,126,617
Intangible fixed assets							
Patents	-	-	-	8,705	362	362	8,342
Telephone subscription rights	-	-	-	9,423	-	-	9,423
Leaseholds	-	-	-	1,057	-	-	1,057
Software	-	-	-	12,263	10,538	1,079	1,724
Usage rights for equipment and facilities	-	-	-	12,320	11,488	128	831
	-	-	-	43,768	22,390	1,571	21,378
Long-term prepaid expenses	29,454	3,687	1,588	31,553	21,680	6,130	9,873
Deferred assets							
Issuing expenses for bonds	36,967	-	2,366	34,600	23,066	12,716	11,533
	36,967	-	-	34,600	23,066	12,716	11,533

Debt

Bonds

Thousands of yen	Date issued	Beginning of term	End of term	Interest rate	Maturity
Second unsecured corporate bond	2004/9/24	300,000	300,000	0.69%	2007/9/21
Third unsecured corporate bond	2005/3/10	700,000	700,000	1.02%	2010/3/10
Fourth unsecured corporate bond	2005/3/15	100,000	100,000	0.89%	2010/3/15
Fifth unsecured corporate bond	2005/3/25	800,000	800,000	1.19%	2010/3/25
Sixth unsecured corporate bond	2005/3/30	600,000	600,000	0.94%	2010/3/30
	-	2,500,000	2,500,000	-	-

Amounts scheduled to be redeemed over the 5-year period subsequent to the date of closing of accounts are as follows:

Thousands of yen	Up to 1 year	Longer than 1 and up to 2 years	Longer than 2 and up to 3 years	Longer than 3 and up to 4 years	Longer than 4 and up to 5 years
	300,000	-	-	2,200,000	

Borrowings

Thousands of yen	Previous period	Outstanding	Average rate	Maturity
Short-term borrowings	918,000	1,100,000	1.25%	-
Current portion of long-term debt	678,064	779,692	1.38%	-
Long-term debt (except current portion of long-term debt)	1,683,624	1,875,632	1.44%	2007 to 2010
Other interest-bearing liabilities	-	-	-	-
	3,279,688	3,755,324	-	-

1. Average rates for borrowing shown in the table above are weighted averages of rates paid on loans outstanding as of term-end.

2. Amounts of long-term debt and other debt (excluding debt due in less than one year) scheduled to be repaid over the 5-year period subsequent to the balance sheet date are as follows:

Thousands of yen	Longer than 1 and up to 2 years	Longer than 2 and up to 3 years	Longer than 3 and up to 4 years	Longer than 4 and up to 5 years
Long-term debt	870,332	690,300	235,000	80,000

Assets provided as collateral

Thousands of yen	2005	2006
Assets provided as collateral		
Buildings	897,234	949,613
Land	2,996,038	2,996,037
	<u>3,893,272</u>	<u>3,945,651</u>
Liabilities for which collateral is provided		
Long-term debt	2,062,688	2,392,624
Short-term borrowings	568,000	-
	<u>2,630,688</u>	<u>2,392,624</u>

Retirement benefits

Outline of retirement benefit system

The Company offers employees defined benefit pension plans in the form of tax-qualified pensions or lump-sum payments at retirement.

Matters related to retirement benefit liabilities

Thousands of yen	2005	2006
Retirement benefit liabilities	(992,988)	(999,567)
Pension plan assets	737,267	805,232
Unaccrued pension benefit liabilities	(255,721)	(194,334)
Unrecognized actuarial gains or losses	(69,426)	(48,145)
Net amount shown on the balance sheet	(325,147)	(242,479)
Allowance for retirement benefits	(325,147)	(242,479)

Matters related to retirement benefit expenses

Thousands of yen	2005	2006
Retirement benefit expenses	17,111	(1,910)
Current service costs	59,107	62,401
Interest expenses	20,193	19,860
Expected earnings on pension fund assets	11,632	14,745
Expensing of differences based on actuarial calculations	(50,557)	(69,426)

Assumptions underlying the calculation of retirement benefit liabilities

	2005	2006
Discount rate	2.0%	2.0%
Expected rate of return	2.0%	2.0%
Method of allocating prospective retirement benefits to each period	Equal payments basis	Equal payments basis
Amortization period for actuarial gains or losses	1 year Recognized in full in the year following the year of accrual	1 year Recognized in full in the year following the year of accrual

Reserves

Thousands of yen	Beginning of term	Increase	Decrease	End of term
Allowance for doubtful accounts	47,000	9,267	9,267	47,000
Reserve for bonuses	197,000	228,000	197,000	228,000
Reserve for directors' and corporate auditors' bonuses	-	38,000	-	38,000
Reserve for directors' and corporate auditors' retirement allowances	361,100	22,100	9,700	373,500

Related Parties

Transactions with related parties: Directors and major independent shareholders

Directors and individual shareholders

December 31; Thousands of yen	Address	Capital	Type of business or occupation	% of voting rights held (held by Shareholder others) and director	Relationship		Type of transaction	Value of transactions	Accounting classification	Balance at term-end
2006										
Companies in which a major shareholder or close relative has unshared decision-making authority over more than half the voting rights										
Sakai Tatemono Ltd.	Chiyoda-ku, Tokyo	228,000	Real estate leasing, Insurance agency business	3.29	2	Building leasing	Payment of rental expenses	39,192	Accounts payable - other	1,500
2005										
Companies in which a major shareholder or close relative has unshared decision-making authority over more than half the voting rights										
Sakai Tatemono Ltd.	Chiyoda-ku, Tokyo	228,000	Real estate leasing, Insurance agency business	3.35	2	Building leasing	Payment of rental expenses	39,349	Accounts payable - other	1,525

Accounting Policies

Summary of accounting policies – nonconsolidated

Basis of presentation	Japanese GAAP; nonconsolidated
Marketable securities and investments in securities	<p>Bonds held to maturity: cost amortization method (straight-line)</p> <p>Shares in subsidiaries: valued at cost using the moving-average method</p> <p>Other securities:</p> <p style="padding-left: 20px;">Quoted securities: current value method based on average market prices in the month prior to the end of the fiscal year (by which all valuation differences are credited directly to net assets, and the cost of securities sold is calculated in accordance with the moving-average method)</p> <p style="padding-left: 20px;">Unquoted securities: valued at cost using the moving-average method</p>
Inventories	<p>Finished goods, work in process: cost method computed on a periodic-average basis</p> <p>Merchandise, raw materials: cost method using the moving-average method</p> <p>Supplies: cost method using the final-purchase-cost method</p> <p>Expenses on unfinished projects: cost method using the specific-identification method</p>
Depreciation	<p>Tangible fixed assets: declining-balance method</p> <p>Intangible fixed assets: straight-line method</p> <p>Software for internal use is amortized on a straight-line basis (based on the length of in-house useful life)</p> <p>Long-term prepaid expenses: straight-line method</p>
Deferred assets	Bond-issuing expenses: amortized over 3 years
Allowance for doubtful accounts	To provide for potential losses from doubtful accounts, the Company recognizes an amount calculated on the basis of a historical bad debt ratio for general accounts receivable, plus an amount for specific accounts for which collection appears doubtful.
Reserve for bonuses	Accrual 100% of the amount deductible for income tax purposes
Reserve for retirement benefits	To provide for employees' retirement benefits, the Company recognizes an amount based on retirement benefit liabilities and estimated pension assets as of the end of the nonconsolidated fiscal year to December 2006.
Reserve for directors' and corporate auditors' retirement allowances	To provide for retirement payments to directors, the Company recognizes amounts that must be paid at term-end in accordance with the Company rules.
Reserve for directors' and corporate auditors' bonuses	An amount has been reserved for payment of bonuses to directors and corporate auditors of consolidated subsidiaries.
Opinion of independent auditors	<p>Auditors: Misuzu Audit Corporation</p> <p>Opinion: unqualified</p>

Share-related Information

Shares in issue

Class of shares	Common
Number of shares authorized	20,000,000
Issued	
As of December 31, 2006	5,104,003
As of March 29, 2007	5,104,003
Stock exchange listings	Jasdaq Securities Exchange
Comments	-

Changes in common stock and number of shares outstanding

	Shares outstanding		Common stock		Additional paid-in capital		Remarks
	Increase or decrease	Balance	Increase or decrease	Balance	Increase or decrease	Balance	
	(Shares)		(Thousands of yen)		(Thousands of yen)		
December 31, 1999	4,611	5,104,003	2,254	674,265	2,246	527,936	Conversion of convertible bonds

Shareholders by type of investor

Type of investor	Number of shareholders	Units owned (100 shares)	% owned
National and local government agencies	-	-	-
Financial institutions	9	6,366	12.47
Securities companies	8	174	0.34
Business and other corporations	20	13,389	26.23
Non-residents - institutions and corporations	5	5,000	9.80
Non-residents - individuals	-	-	-
Individuals and others	569	26,091	51.15
	611	51,020	100.0
Shares less than one unit	-	2,003	-

Largest shareholders

Name	Thousands of shares owned	% of shares outstanding
Sakai Kosan Ltd.	1,130	22.15
Masakazu Sakai	730	14.30
Hiroyuki Sakai	699	13.70
Morgan Stanley and Company International Limited	484	9.48
Resona Bank	244	4.79
Mizuho Bank	227	4.47
Sakai Tatemono Ltd.	166	3.26
Mitsubishi UFJ Trust & Banking	72	1.41
Keiko Sakai	57	1.13
Kazuko Sakai	56	1.10
	3,867	75.78

Share information

Business year	January 1 to December 31
Ex-rights date	December 31
Dates of record for dividends	June 30 and December 31
Annual General Meeting of Shareholders	Within 3 months of fiscal year-end
Trading unit	100 shares
Types of share certificates	100, 1,000 and 10,000 shares
Transfer agent	Mitsubishi UFJ Trust & Banking, 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Publication of record	<i>Nihon Keizai Shimbun</i>

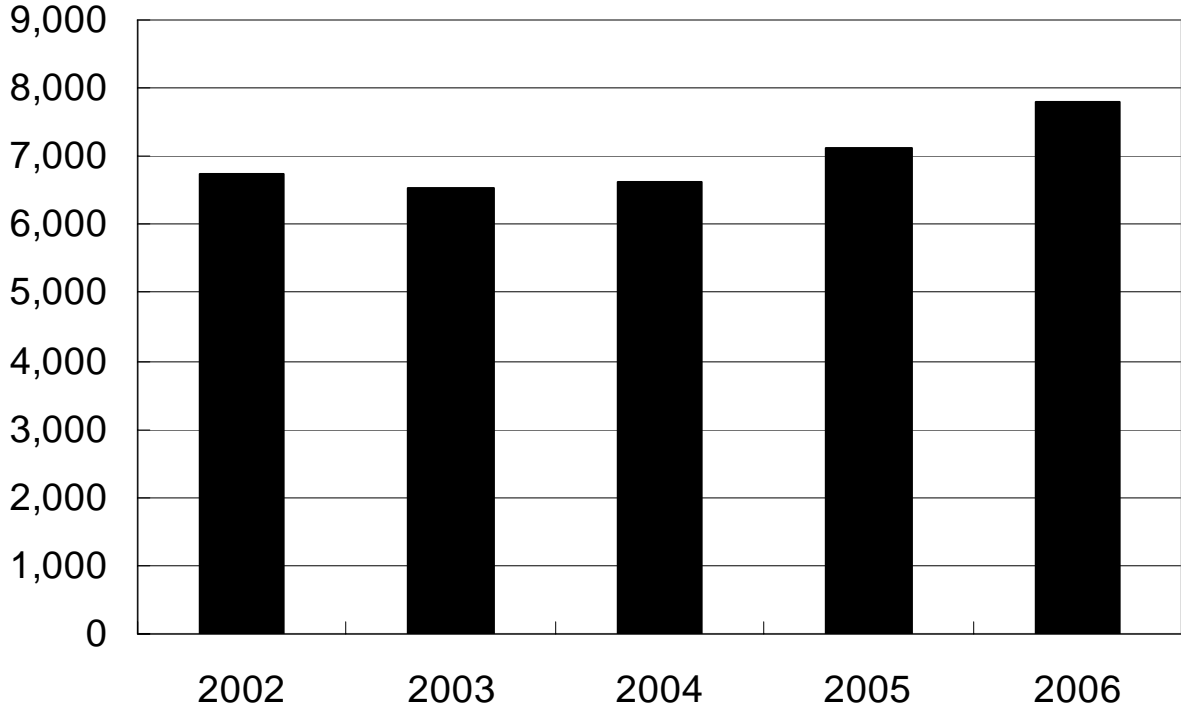
The Company's articles of association were amended by resolution of the Ordinary General Meeting of Shareholders held on March 29, 2007 to specify that the dissemination of public notices should henceforth be done by electronic means on the Koken web site. If notices cannot be published electronically, due to accident or other unforeseeable reason, however the publication of record shall be the Nihon Keizai Shimbun. The address of the web site is given below.

(URL <http://www.koken-ltd.co.jp>)

Performance in Graphs

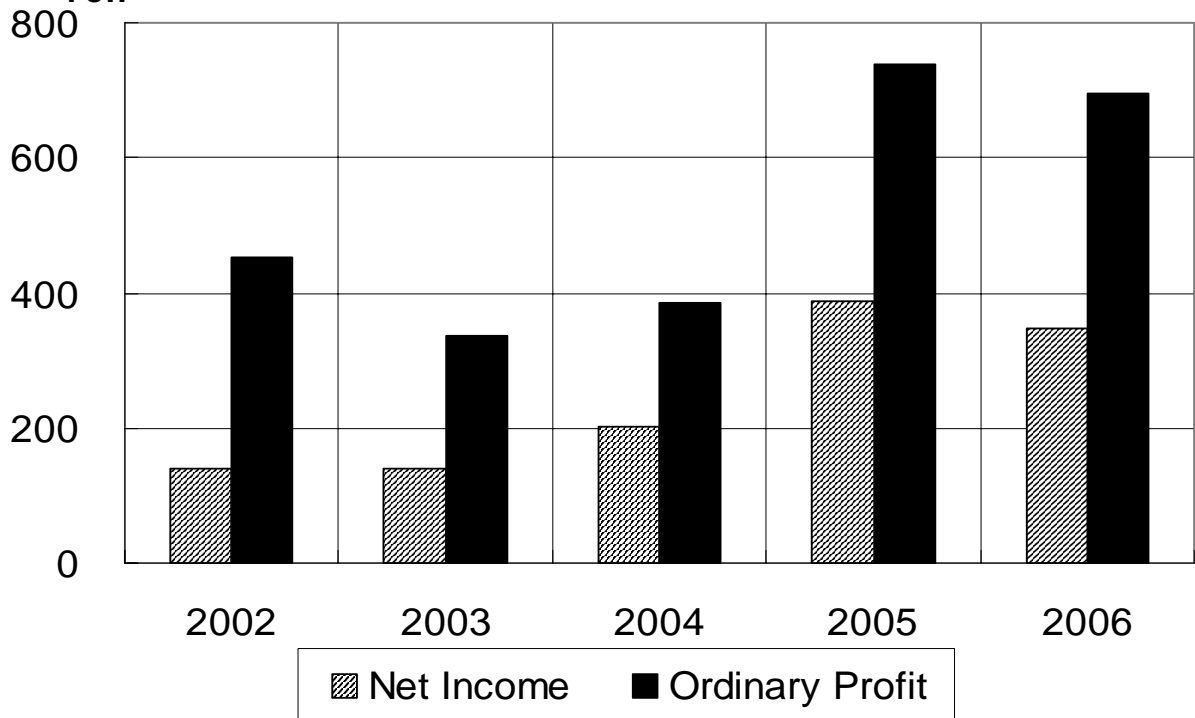
Net Sales

Millions of Yen

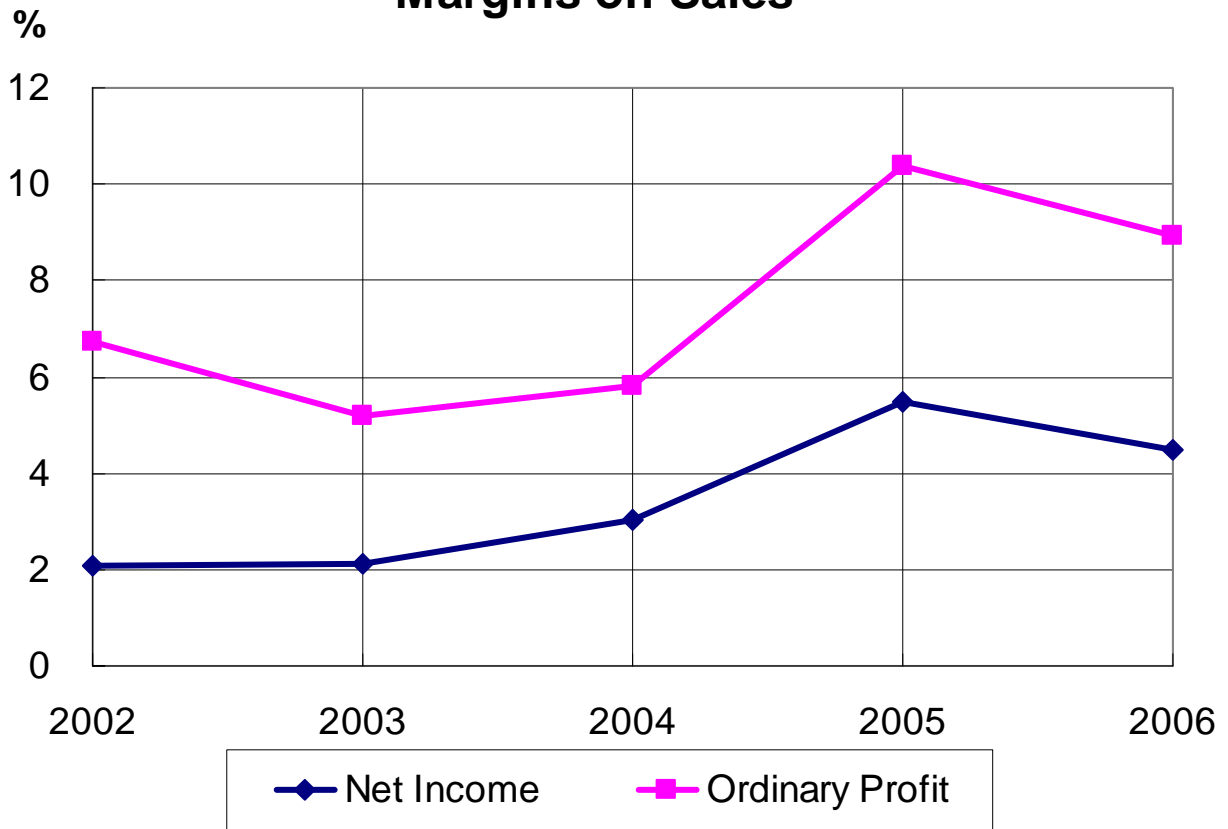


Net Income and Ordinary Profit

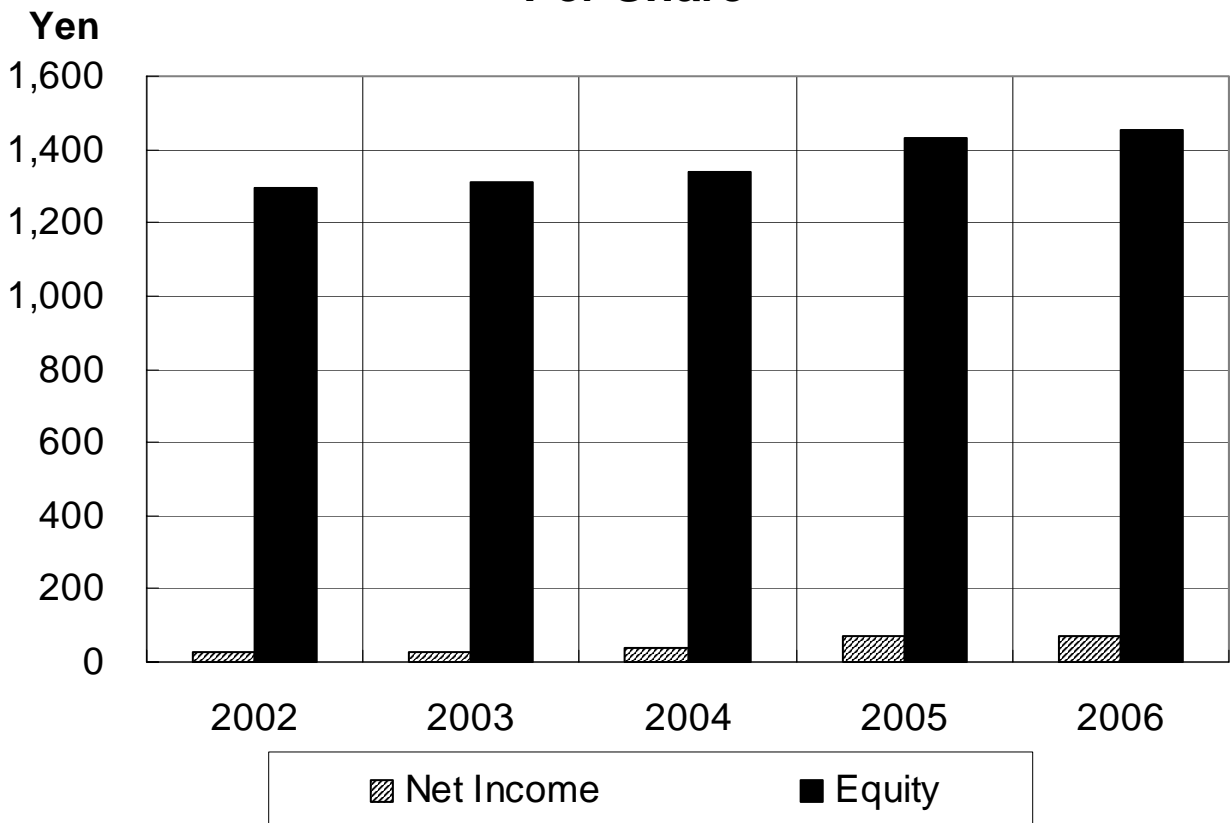
Millions of Yen



Margins on Sales

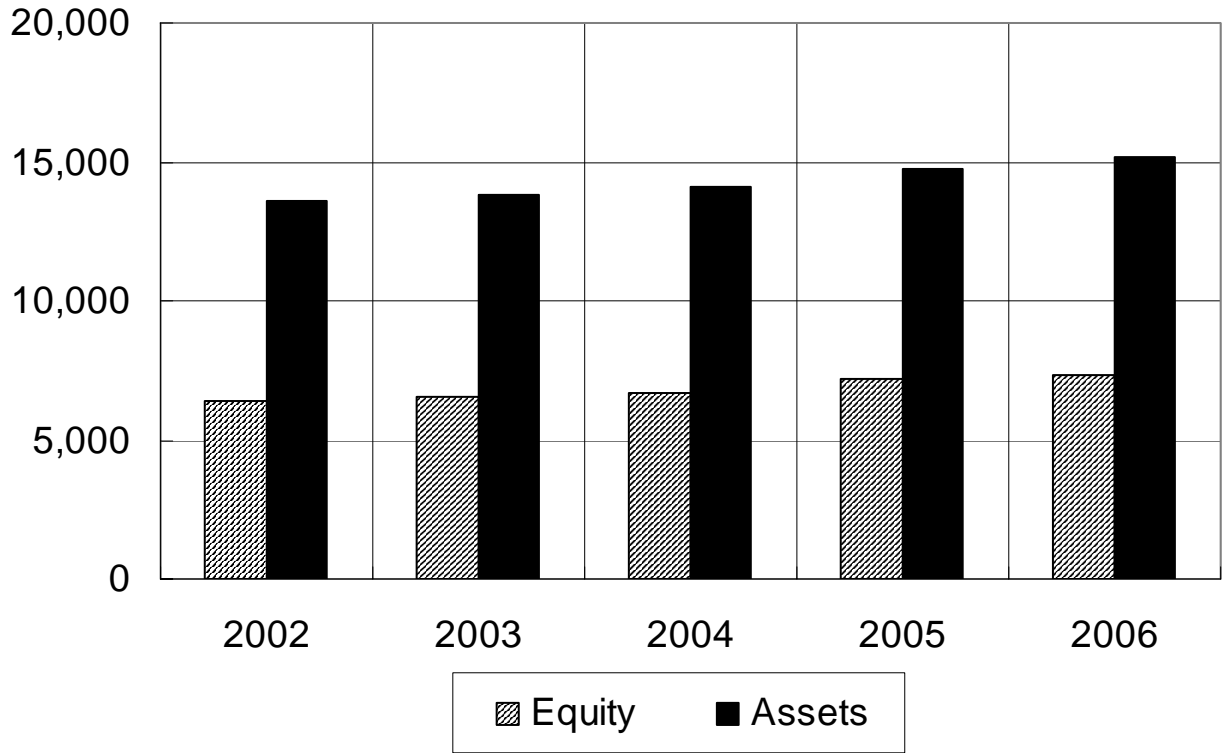


Per Share

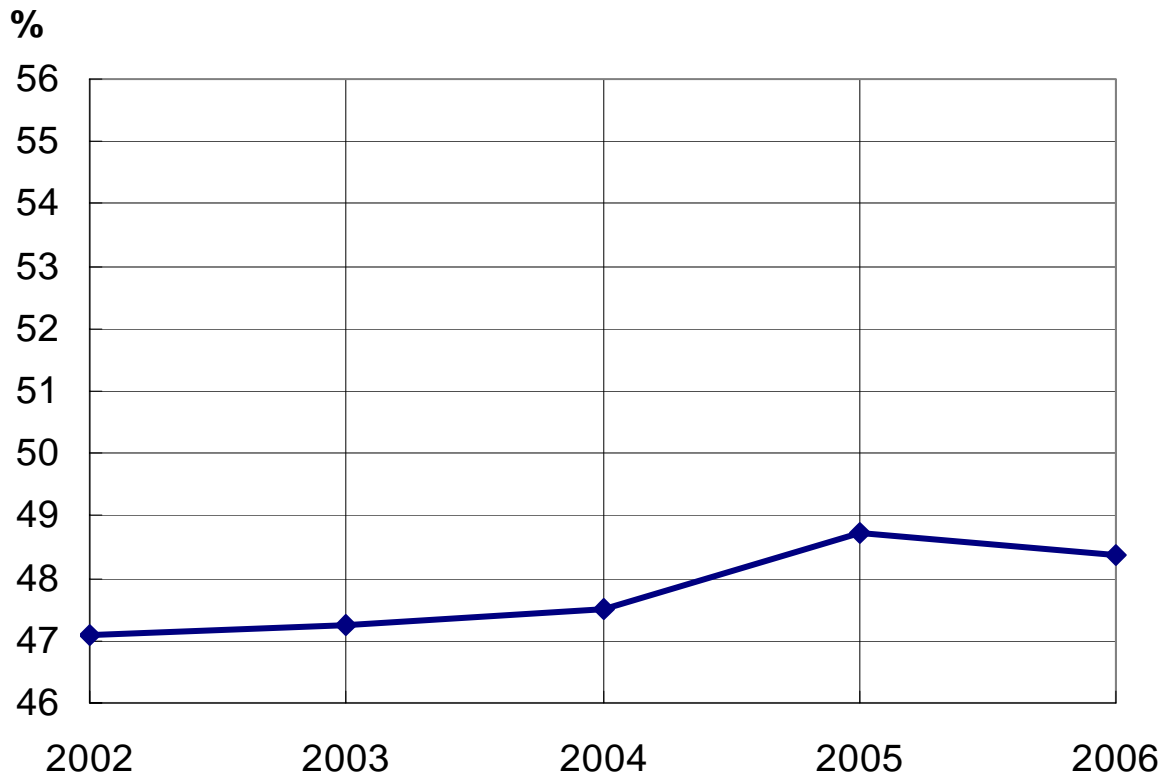


Equity and Assets

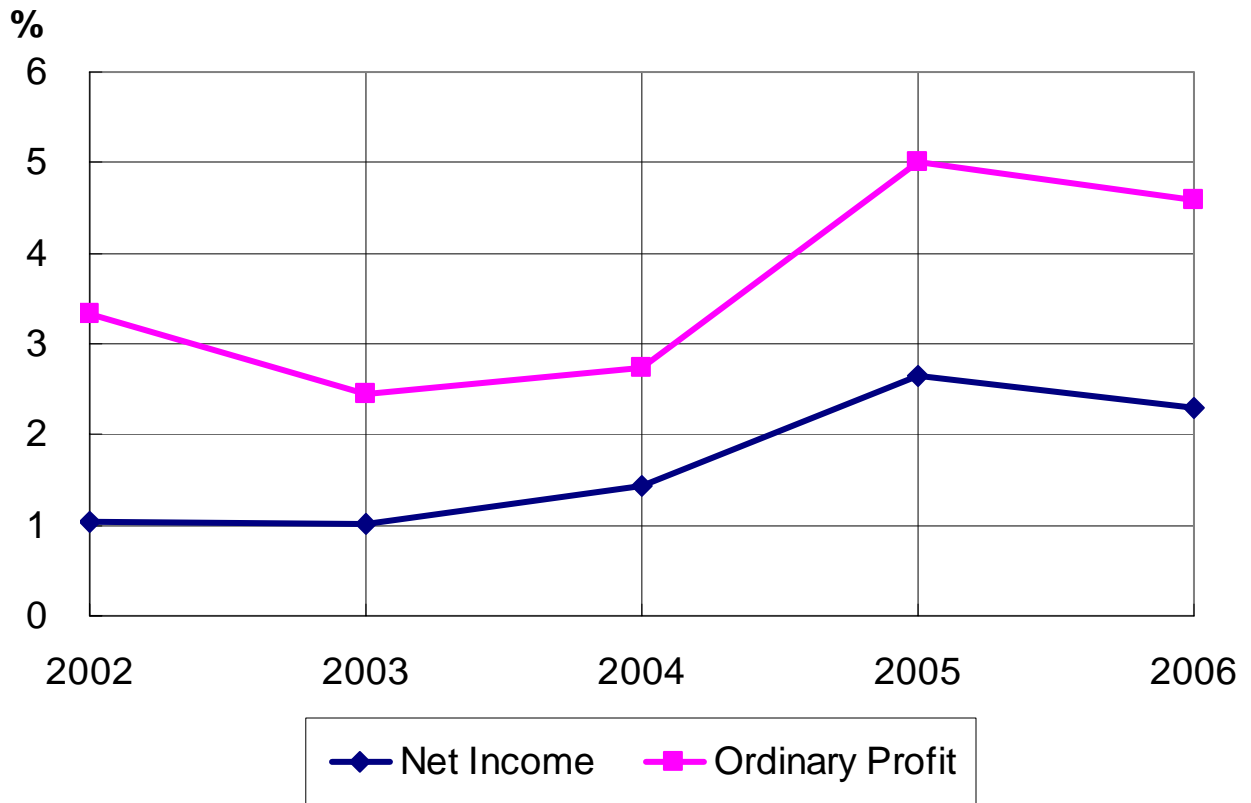
Millions of Yen



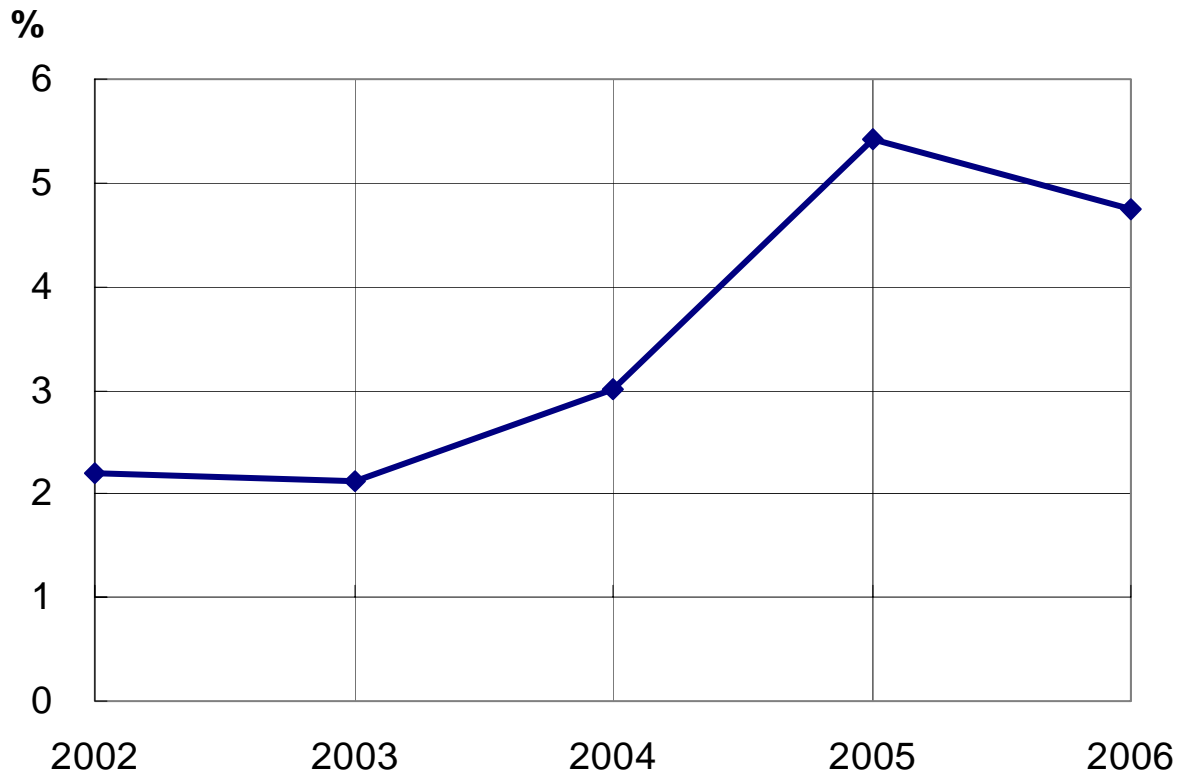
Equity / Assets



Return on Assets



Return on Equity



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