



YUHO REPORT

Annual

Fiscal Year Ended **March 31, 2006**

Traded **TSE1**

Stock Code **9831**

2006

YAMADA DENKI CO., LTD.

YUHOREPORT

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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 Asia Securities Printing. 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 March 31; Millions of yen	2002	2003	2004	2005	2006	Change 2006/2002
Consolidated						
Net sales	-	793,829	939,137	1,102,390	1,283,961	
Ordinary profit	-	18,290	30,652	48,186	62,614	
Net income	-	5,593	19,168	28,819	37,027	
Shareholders' equity	-	127,977	146,738	175,219	250,122	
Total assets	-	306,877	328,406	376,544	461,275	
Shareholders' equity per share (Yen)	-	1,535.14	1,759.94	2,097.26	2,658.33	
Net income per share (Yen)	-	66.21	228.74	344.36	421.18	
Net income per share, fully diluted (Yen)	-	57.06	197.18	297.41	381.94	
Net cash provided by (used in) operating activities	-	10,400	(13,682)	40,115	32,091	
Net cash provided by (used in) investing activities	-	(39,638)	(14,116)	(28,248)	(73,853)	
Net cash provided by (used in) financing activities	-	57,986	(1,179)	5,377	34,114	
Cash and cash equivalents, end of term	-	47,799	19,662	37,857	29,844	
Employees	-	4,915	5,276	5,848	6,447	
Parent						
Net sales	560,881	753,208	921,997	1,072,677	1,264,235	225%
Ordinary profit	18,288	22,334	25,335	38,696	56,691	310%
Net income	10,244	10,415	12,857	21,091	32,045	313%
Common stock	46,000	46,053	46,053	46,375	66,240	144%
Shares outstanding	27,723	83,316	83,316	83,492	94,056	339%
Shareholders' equity	123,397	133,126	145,206	166,005	235,864	191%
Total assets	203,227	284,496	305,288	346,586	427,565	210%
Equity / assets (%)	60.7	46.7	47.6	47.9	55.2	91%
Shareholders' equity per share (Yen)	4,451.11	1,596.93	1,741.74	1,987.03	2,506.78	56%
Dividends per share (Yen)	24.00	8.00	12.00	21.00	25.00	104%
Net income per share (Yen)	376.37	124.09	153.19	251.77	364.39	97%
Net income per share, fully diluted (Yen)	375.63	106.95	132.06	217.44	330.44	88%
Dividend payout ratio (%)	6.5	6.4	7.8	8.3	7.3	
Net cash provided by (used in) operating activities	3,303	-	-	-	-	
Net cash provided by (used in) investing activities	(29,065)	-	-	-	-	
Net cash provided by (used in) financing activities	23,324	-	-	-	-	
Cash and cash equivalents, end of term	17,636	-	-	-	-	
Employees	4,428	4,168	4,387	4,779	5,364	121%

The Company began preparing consolidated financial statements in the March 2003 fiscal term. Hence, it has provided no figures for prior terms.

Peer comparisons

Percent	2002	2003	2004	2005	2006
Net income / net sales (%)	1.8	1.4	1.4	2.0	2.5
Peers	(0.3)	(2.1)	1.3	0.4	1.9
Ordinary profit / net sales (%)	3.3	3.0	2.7	3.6	4.5
Peers	(1.0)	(0.3)	1.9	2.3	3.4
Net income / assets (%)	5.0	3.7	4.2	6.1	7.5
Peers	(0.4)	(3.3)	1.8	(0.2)	0.6
Ordinary profit / assets (%)	9.0	7.9	8.3	11.2	13.3
Peers	(1.9)	0.3	3.4	3.6	4.5
Equity / assets (%)	60.7	46.7	47.6	47.9	55.2
Peers	34.6	36.7	35.3	36.2	38.9
Net income / equity (%)	8.3	7.8	8.9	12.7	13.6
Peers	2.1	(7.3)	5.1	1.0	2.8

Peers include Nojima (7419), Kojima (7513), T-ZONE (8073), Joshin Denki (8173), Best Denki (8175), Laox (8202) and GIGAS K'S DENKI (8282).

Common size statements

Years ended March 31; Percent	Consolidated			Parent		
	2004	2005	2006	2004	2005	2006
Balance sheet						
Assets	100.0	100.0	100.0	100.0	100.0	100.0
Current assets	51.0	51.5	46.4	51.5	50.9	44.5
Tangible fixed assets	27.2	27.9	34.6	25.0	26.5	34.4
Intangible fixed assets	0.4	0.5	0.6	0.3	0.4	0.5
Investments and other assets	21.4	20.1	18.4	23.2	22.2	20.6
Total fixed assets	49.0	48.5	53.6	48.5	49.1	55.5
Liabilities and shareholders' equity	100.0	100.0	100.0	100.0	100.0	100.0
Current liabilities	31.2	31.6	28.7	31.2	30.9	28.7
Long-term liabilities	23.4	21.3	16.5	21.2	21.2	16.1
Total liabilities	54.6	52.9	45.2	52.4	52.1	44.8
Minority interests in consolidated companies	0.7	0.6	0.6			
Common stock	14.0	12.3	14.4	15.1	13.4	15.5
Capital reserves	14.0	12.3	14.3	15.1	13.4	15.5
Retained earnings	16.7	21.9	25.5	17.4	21.1	24.2
Unrealized gains or losses on other securities	(0.0)	0.0	0.0	(0.0)	0.0	0.0
Treasury stock	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Total shareholders' equity	44.7	46.5	54.2	47.6	47.9	55.2
Statement of income						
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of goods sold	77.5	79.0	77.8	80.4	81.6	80.1
Gross profit on sales	22.5	21.0	22.2	19.6	18.4	19.9
Selling, general and administrative expenses	21.1	18.4	18.3	18.1	16.1	16.4
Operating income	1.4	2.6	3.9	1.5	2.3	3.5
Nonoperating income	1.9	1.9	1.1	1.3	1.4	1.0
Nonoperating expenses	0.1	0.1	0.1	0.1	0.1	0.0
Ordinary profit	3.2	4.4	4.9	2.7	3.6	4.5
Extraordinary income	0.0	0.0	0.0	-	0.0	0.1
Extraordinary losses	0.0	0.3	0.1	0.2	0.2	0.2
Income before taxes and other adjustments	3.2	4.1	4.8	2.5	3.4	4.4
Taxes	1.2	1.5	1.9	1.1	1.4	1.9
Minority interests in loss (income) of consolidated companies	(0.0)	(0.0)	(0.0)			
Net income	2.0	2.6	2.9	1.4	2.0	2.5

Business Overview

Description of business

The corporate Group consists of the Company, 13 major subsidiaries, and 1 affiliate and also includes franchisee-operated stores. The Group's principal business is selling household electrical appliances and personal computers and other home-information products.

A subsidiary, Minami Kyushu Yamada Electric, Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Kansai Yamada Denki Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Daikuma Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Okinawa Yamada Denki Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Yamada Broadband Corporation, sells Internet-related services.

A subsidiary, CIC Co., Ltd., assumes responsibility for disposing of electrical appliances and other industrial waste that the Company's stores collect from customers. It also sells products imported from overseas to the Company.

A subsidiary, CLIMB ENTERTAINMENT CO., LTD., delivers and installs products sold by the Company to its customers.

A subsidiary, Kouziro Co., Ltd., manufactures computers and peripherals, which it sells to the Company.

A subsidiary, Inversenet Co., Ltd., manufactures communications and electrical equipment, which it sells to the Company.

A subsidiary, LEGAL UNITED TRUSTEES CO., LTD., brokers real estate transactions for the Company and negotiates rents on the Company's behalf.

A subsidiary, Yamada Housing Co., Ltd., conducts building repairs and renovations on behalf of the Company.

A subsidiary, Cosmos Berry's Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Chushikoku Tecc Land Co., Ltd., sells merchandise that it procures from the Company.

A subsidiary, Tokai Tecc Land Co., Ltd., sells merchandise that it procures from the Company.

Franchisee-operated stores procure their merchandise from the Company.

On November 15, 2005, the Company disposed of its shares in Multi Media Work Co., Ltd. This former subsidiary is thus no longer a part of the corporate Group. On March 1, 2006, the Company absorbed the operations of its subsidiary Yamada Capital Holdings Co., Ltd. through a merger.

Group companies

Name	Operations	Common stock Millions of yen	Percent ownership
(Consolidated subsidiaries)			
Minami Kyushu Yamada Electric, Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	100	60.0
Kansai Yamada Denki Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	10	67.5
Daikuma Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	4,243	94.9
Okinawa Yamada Denki Co., Ltd.	Retailing of home electrical appliances and personal computers and other information-related equipment	100	100.0
CIC Co., Ltd.	Disposal of industrial waste products and wholesaling of imported products	81	84.6
CLIMB ENTERTAINMENT CO., LTD.	Delivery and installation of products	10	70.0
Inversenet Co., Ltd.	Wholesaling of telecommunications equipment and electrical appliances	122	77.1
Kouziro Co., Ltd.	Wholesaling of computers and peripherals	524	81.6

History

Year	Month	Event
1983	September	Company established. Maebashi Minami Store opened, and full-scale development of retail chain begun.
1984	March	Distribution Center opened in Asakura-cho, Maebashi-shi, to strengthen and improve distribution department efficiency.
1985	April	Fukaya Store, the Company's first store outside its prefecture of origin, opened in Fukaya-shi, Saitama Prefecture. Distribution Center expanded simultaneously to accommodate multi-branch operation and to reinforce the distribution department.
1986	May	POS system introduced in all stores, and large general-purpose computer installed to enable instantaneous gathering of financial and customer-related information.
	July	First franchised store opened in Saku-shi, Nagano Prefecture. With this move, development of a franchise chain initiated.
1987	May	Merger completed with Yamada Denki Co., Ltd. (established June 1, 1978) on a 1:100 basis to change the par value of the Company's stock.
	December	Construction of headquarters building completed in Hiyoshi-cho, Maebashi-shi. Corporate headquarters moved into new building. Tecc Land Headquarters Store, the Company's first large-scale comprehensive electrical appliance store (core store), opened simultaneously on the first floor of the building. With this move, implementation of a "core-store" strategy commenced.

YAMADA DENKI

Year	Month	Event
1988	March	A&V Bics Takasaki Store, a specialty store dealing in audio visual products, opened. Rings Takasaki Store, a rental shop dealing in video and compact disk software, opened simultaneously on the same site. With this move, development of a combined specialty store/rental shop strategy commenced.
1989	March	Company's shares registered for OTC trading with the Securities Dealers Association of Japan.
1990	September	A&V Bics Takasaki Store converted into a personal computer specialty store. Development of Computer Kan stores begun.
1991	February	With the dissolution of franchisee relationships, 10 former franchise stores converted into Company-operated outlets.
	March	Tecc-Information System Co., Ltd., an affiliated company engaged in computer-related development and sales, established. (Liquidated in September 2001.)
1992	July	Tecc Land Miyazaki Store, the Company's first store in Kyushu, opened in Miyazaki-shi, Miyazaki Prefecture.
1993	December	Tecc Land Shibukawa Store in Shibukawa-shi, Gunma Prefecture, converted into a Company-operated store.
1995	October	Tecc Land Sendai Izumi Store, the Company's first store in the Tohoku region, opened in Izumi-ku, Sendai-shi, Miyagi Prefecture.
1997	February	Tecc Land Nisshin Store, the Company's first store in the Chubu region, opened in Nisshin-shi, Aichi Prefecture.
	June	CIC Co., Ltd. established as an affiliated company engaged in the processing and recycling of industrial waste.
	July	Tecc Land Okayama Store, the Company's first store in the Chugoku/Shikoku region, opened in Okayama-shi, Okayama Prefecture.
	December	Minami Kyushu Yamada Denki Co., Ltd. established as an affiliated company in Kagoshima-shi, Kagoshima Prefecture.
1998	September	Tecc Land Himeji Store, the Company's first store in the Kinki district, opened.
2000	September	Company's shares listed on the First Section of the Tokyo Stock Exchange.
2001	April	Tecc Land Teine, the Company's first store in Hokkaido, opened in Sapporo.
	July	Okinawa Yamada Denki Co., Ltd., an affiliated company, established in Ginowan, Okinawa Prefecture.
	September	Joint-venture company Wako Yamada Denki Co., Ltd. established with Wakodenki Co., Ltd. (The joint venture is an affiliated company.)
2002	February	Equity position purchased in YST Japan Co., Ltd., which became an affiliated company.
	April	Yamada Broadband Corporation, an affiliated company, established in Maebashi, Gunma Prefecture.
	May	Equity investment made in Yamada Capital Holdings Co., Ltd., an affiliated company. Shares in Daikuma Co., Ltd., an affiliated company, acquired.
2003	January	Equity investment made in CLIMB ENTERTAINMENT CO., LTD. (an affiliated company). LEGAL UNITED TRUSTEES CO., LTD., an affiliated company, established in Fukuoka, Fukuoka Prefecture.
	December	Equity investment made in Inversenet Co., Ltd., an affiliated company.
2004	January	Equity investment made in Kouziro Co., Ltd., an affiliated company.
2005	February	Yamada Housing Co., Ltd. established. Company becomes Japan's first large-scale specialized retailer to achieve sales of 1 trillion yen.
	July	Company becomes first large-volume electrical retailer to complete nation-wide expansion. Tokai Tecc Land Co., Ltd., an affiliate, established in Fuji, Shizuoka Prefecture.
	September	Cosmos Berry's Co., Ltd., an affiliate, established in Nagoya, Aichi Prefecture.

Year	Month	Event
2005	November	Chushikoku Tecc Land Co., Ltd., an affiliate, established in Maebashi, Gunma Prefecture.
2006	March	Company absorbs Yamada Capital Holdings Co., Ltd. through a merger

(As of the end of the fiscal term, there were 300 stores in operation.)

Risk factors

(1) Impact of expanded regional coverage on financial performance

As of the end of March 2006, the Company had 300 outlets in 47 prefectures. It plans to expand its total store space and regional coverage further in order to increase its market share. This will add to the Company's expenses and expose it to intense competition from established retailers in the various regional markets.

When choosing new store locations, the Company will carefully consider such factors as rental costs, guarantee deposits, local competition and market size, but any delay or change in its plans could impact its operating results.

(2) Regulations regarding store openings

The Large-Scale Retail Stores Location Law implemented on June 1, 2000, provides for local governments to regulate the establishment of stores with floor space exceeding 1,000 square meters or expansions of to existing stores that increase floor space to more than 1,000 square meters. An environmental impact survey must be conducted before application is made to open a new store, and delays in completing such surveys could cause postponement of store openings.

(3) Regulations related to "Designation of Specific Unfair Trade Practices by Large-Scale Retailers Relating to Trade with Suppliers"

On November 1, 2005, in accordance with provisions of the Antimonopoly Act, the government announced its "Designation of Specific Unfair Trade Practices by Large-Scale Retailers Relating to Trade with Suppliers," a set of rules prohibiting certain practices related to transactions between large-scale retailers and their suppliers. Henceforth, the trade practices of large-volume electrical retailers will be affected by these regulations.

Analysis of financial condition and results of operations

Analysis of financial condition

1) Current assets: 213,934 million yen, compared with 194,057 million at the previous year-end, an increase of 19,877 million yen reflecting the following:

- Higher inventories (up 29,089 million yen) resulting from
 - Investment in beginning inventories at 41 new stores, including "LABI 1 NAMBA," which opened in March

- Expansion and enrichment of the merchandise mix of several high-priced, high-performance products (including LCD and plasma TVs, steam oven ranges, etc.)
 - Increase in “Other” current assets (up 2,584 million yen), specifically
 - Short-term loans (up 1,358 million yen)
 - Other receivables (up 471 million yen)
 - Deferred tax assets (up 213 million yen)
 - Decline in cash and deposits (down 7,873 million yen) because of
 - Increased procurement of fast-selling, high-priced items
 - Larger investment in inventories
 - Decline in notes and accounts receivable (down 4,157 million yen) due to
 - Sale of credit receivables to credit loan companies as means of increasing liquidity
 - Doubling of sales of credit receivables from 7,175 million yen in the previous year to 14,610 million yen
- 2) Fixed assets: 247,341 million yen, compared with 182,487 million yen at the previous year-end, an increase of 64,854 million yen reflecting the following:
- Increased investment in land, from 22,543 million yen to 55,351 million yen (up 32,808 million yen)
 - For headquarters building and store on land fronting Takasaki Station
 - For new large, intra-city outlets at Senri Station in Osaka and Shibuya, Tokyo
 - Increased investment in buildings and structures, from 76,577 million yen to 96,620 million yen (up 20,043 million yen), and in security deposits, from 65,144 million yen to 71,355 million yen (up 6,210 million yen), primarily as capital investments in new stores
 - Increase in “Other” fixed assets, specifically
 - Construction in progress (up 642 million yen)
 - Deferred tax assets (up 1,132 million yen)
 - Subsidiary shares (up 111 million yen)

- 3) Current liabilities: 132,298 million yen, compared with 118,860 million yen at the previous year-end, an increase of 13,437 million yen reflecting the following:
- Increase in notes and accounts payable (up 4,798 million yen) because of
 - Higher sales
 - Larger number of stores
 - Increase in income taxes payable (up 7,709 million yen) due to an increase in corporate income tax expenses from 16,599 million yen to 26,149 million yen
 - Decrease in allowance for customer-discount points (down 1,788 million yen)
 - As part of its sales promotion strategy, the Company held “point redemption sales” during its busy seasons, which increased the rate of point usage.
 - This caused a decline in the amount of outstanding points at term-end, thus necessitating smaller allowances.
- 4) Long-term liabilities: 76,184 million yen, compared with 80,165 million yen a year earlier, a decrease of 3,980 million yen reflecting the following:
- Decrease in outstanding bonds (down 39,716 million yen) as a result of conversions of bonds with warrants—resulting in a term-end conversion rate of 80.7%
 - Increase in long-term debt (up 31,662 million yen) from 20,177 million yen to 51,840 million yen to finance land purchases for store development at Takasaki, Senri and Shibuya
 - Increase in allowance for merchandise warranties (newly recognized allowance, in amount of 2,194 million yen) to provide for future repairs of merchandise sold with 5-year warranties, based on estimates of repair costs to be incurred beginning in the year to March 2007
- 5) Shareholders’ equity: 250,122 million yen, compared with 175,219 million yen a year earlier, an increase of 74,903 million yen reflecting the following:
- Increase in common stock due to exercise of warrants (up 19,865 million yen)
 - Increase in capital reserves (up 19,850 million yen)
 - Increase in retained earnings (up 35,155 million yen)

Analysis of cash flow

- 1) Cash and cash equivalents as of the end of the term stood at 29,844 million yen, a decline of 8,013 million yen resulting from the following:
 - Higher sales, combined with reductions in SG&A expenses, produced a 17,311 million yen increase in income before taxes and other adjustments.
 - But cash was needed to
 - Finance larger investments in inventories
 - Pay for an increase in corporate income taxes
- 2) Cash flow provided by operations amounted to 32,091 million yen, primarily because of the following:
 - An increase in net income before taxes and other adjustments
 - An increase in trade payables
- 3) Cash used in investment activities amounted to 73,853 million yen, reflecting the following:
 - Acquisitions of fixed assets, primarily land for new intra-city stores
 - Increases in security deposits
- 4) Cash flow provided by financing activities amounted to 34,114 million yen, primarily reflecting an increase in long-term debt borrowed to finance land purchases.

Corporate governance**(1) Basic stance**

The Company believes it is important to maintain a management organization capable of improving management transparency and facilitating speedy decision-making in order to maintain and increase corporate and shareholder value.

(2) Implementation

- 1) The annual shareholders' meeting is the Company's supreme decision-making body and a forum for shareholders to receive and exchange information as well as to exercise their rights. The Company has an active IR program, and it is intent on disclosing information in a timely manner to ensure that its shareholders can exercise their rights appropriately. Because foreigners make up a large percentage of the shareholders, the Company strives to meet their needs by preparing notices of shareholders' meetings in English and mailing them out early.

2) Board of Directors

Yamada Denki has 13 directors who meet once a week, as a rule, to review important issues, discuss the Company's performance and take prompt action, as needed. An expanded board meeting that includes executive officers is held once a month. There is also a weekly management strategy meeting, attended by senior managing directors and division heads, which monitors progress in implementing management strategies.

3) The Company's auditing system relies on one standing corporate auditor and two non-standing (outside) corporate auditors. These auditors participate in meetings of the Board of Directors and other bodies to monitor the performance of duties. The Company has an advisory agreement with the certified tax accounting firm of Zeirisihoujinn Goudoukaikei, of which the auditor Katsuji Kato is a senior partner, and it pays this firm a fee of 2 million yen per year.

4) Internal auditing

The Company's auditing system did not previously include an independent internal auditor. To strengthen the capabilities of its internal auditing, therefore, it has established an internal auditing office that reports directly to the President. In addition to its normal auditing operations, it sends representatives to observe the transfer of responsibilities when a store manager or other senior official is replaced and supervises inventory checks. It also works closely with the corporate auditors and the Company's auditing firm.

5) Auditing firm

The Company's books are audited by AZSA & Co. The following certified public accountants were responsible for auditing the Company's books in the year to March 31, 2006.

Certified public accountants: Minoru Hirata, Atsushi Fukuda, Toru Morita

Persons assisting with auditing: Four certified public accountants, five junior accountants, one other person

6) Others

The Company contracts with a law firm for legal advice, as needed.

(3) Initiatives undertaken in the past year

During the year ended March 2005, the Company adopted a system of corporate executive officers, separating management decision-making and supervision from operations, in order to respond more rapidly to changes in the business environment. The executives consist of the President and CEO with representative authority, a Vice President and COO with representative authority, and a Vice President and COO with director status.

During the year under review, the Company also established two new bodies, an internal auditing office and a compliance committee, to strengthen its compliance-related capabilities. It also announced that, effective December 16,

2005, it would increase the number of corporate executive officers by two in order to establish clearer lines of responsibility for operations.

(4) Compensation

Compensation paid to directors and auditors and fees paid to the Company's auditing firm were as follows:

Compensation paid to directors: 353 million yen

Compensation paid to corporate auditors: 30 million yen

Compensation paid to an auditing firm: 28 million yen

Other payments to an auditing firm: 1 million yen

Directors

Name	Title	Date joined company	Date of birth	Shares owned (Thousands)
Noboru Yamada	Representative Director, President	May-74	11-Feb-43	1,381.7
Tadao Ichimiya	Representative Director, Executive Vice President	Jan-83	13-Aug-55	91.2
Koji Ichimiya	Executive Vice President	Dec-83	28-Sep-63	4.6
Hiroyasu Iizuka	Director	Apr-85	18-Jan-65	0.5
Makoto Igarashi	Director	Jan-90	4-Aug-64	3.2
Ginji Karasawa	Director	Nov-84	1-Apr-53	2.9
Takao Kato	Director	Jan-03	1-Oct-49	0.3
Jun Okamoto	Director	Apr-06	28-Apr-56	-
Masaaki Kurihara	Director	Jul-96	25-Apr-57	0.5
Kazumasa Watanabe	Director	Apr-04	8-Jan-55	-
Haruhiko Itakura	Director	Jun-86	11-Jan-54	0.3
Haruhiko Higuchi	Director	Jun-98	9-Mar-60	-
Mitsumasa Kuwano	Director	Sep-04	19-Dec-54	-
Tomoaki Nito	Director	May-00	28-Nov-72	-
Mamoru Motegi	Standing Corporate Auditor	Jan-85	29-Mar-49	4.8
Katsuji Kato	Corporate Auditor	Sep-83	14-Sep-44	16.8
Yutaka Nakamura	Corporate Auditor	Jun-05	8-Jan-52	-
				1,506.8

Employees

Consolidated	
Business segment	Number
Stores	6,025
Administration (general operations)	422
	6,447
Parent	
	Total or average
Number	5,364
Average age	29.8
Average years of service	5.0
Average annual salary (Yen)	3,913,794

The number noted under "Administration (general operations)" refers to employees in management divisions who cannot be categorized in terms of a specific area of operation.

The average annual salary includes bonuses.

The number of employees does not include 6,997 part-time employees.

The number of employees at year-end was 599 higher than at the end of the previous year. This was the result of the hiring of both new graduates and of persons with other employment experience to meet the needs of the Company's growing and diversifying operations.

Cash Flows

Consolidated statement of cash flows

Years ended March 31; Millions of yen	2004	2005	2006
Net cash provided by (used in) operating activities			
Income before taxes and other adjustments	30,728	44,885	62,196
Depreciation	6,751	7,311	8,437
Amortization of consolidation translation adjustments	(5,219)	(5,116)	9
Increase in retirement benefits	383	343	780
Increase in directors' and corporate auditors' retirement allowances	-	1,604	222
Increase (decrease) in reserve for bonuses	(166)	145	118
Increase (decrease) in allowance for doubtful accounts	1	16	(25)
Increase (decrease) in allowance for customer-discount points	9,139	(983)	(1,788)
Increase (decrease) in allowance for merchandise warranties	-	-	2,194
Interest and dividend income	(480)	(527)	(574)
Interest expenses	395	583	691
Foreign exchange losses	-	13	(152)
Valuation losses on investment securities	-	202	-
Loss on disposal of fixed assets	78	89	255
Loss (gain) on sales of fixed assets	-	(97)	(58)
Loss due to reduction entries for fixed assets	-	-	107
Subsidy income	-	-	(117)
Impairment losses	-	876	-
Valuation losses on derivatives	-	353	105
Loss on cancellation of guarantee deposits	20	30	212
Gain on transference of guarantee deposits	(291)	-	-
Gain on return of security deposits	-	-	(120)
Decrease (increase) in trade receivables	(2,406)	(7,050)	3,518
Decrease (increase) in inventories	(37,085)	(413)	(29,105)
Increase (decrease) in trade payables	(1,961)	5,492	4,857
Increase (decrease) in consumption tax payable	(127)	1,473	(1,854)
Decrease (increase) in other current assets	(44)	(570)	(1,047)
Increase (decrease) in other current liabilities	380	7,599	2,032
Directors' and corporate auditors' bonuses	(92)	(110)	(125)
Others	489	412	332
	491	56,565	51,102
Interest and dividend income	126	273	76
Interest expenses	(432)	(540)	(683)
Income tax and others	(13,868)	(16,183)	(18,403)
	(13,682)	40,115	32,091

Years ended March 31; Millions of yen	2004	2005	2006
Net cash provided by (used in) investing activities			
Increase in time deposits	(12)	(109)	(181)
Proceeds from decrease in time deposits	10	282	40
Payments for purchase of mortgage securities	(1,000)	(45,699)	(39,499)
Proceeds from sales of mortgage securities	5,000	46,099	39,899
Payments for acquisition of marketable securities	(3)	-	-
Proceeds from redemption of marketable securities	2,299	-	-
Payments for acquisition of investment securities	(1)	(104)	(483)
Proceeds from sales of investment securities	26	-	72
Payments for equity investments	(312)	(0)	(2)
Proceeds from recouping equity investments	7	29	-
Payments for acquisition of capital stock of affiliated companies	(3,082)	(734)	(131)
Proceeds from sale of shares in a subsidiary, which changed the scope of consolidation	-	-	35
Payments for loans and advances	(593)	(422)	(3,313)
Proceeds from collection of loans and advances	1	511	1,700
Payments for acquisition of tangible fixed assets	(18,057)	(23,458)	(64,075)
Proceeds from sales of tangible fixed assets	57	236	278
Payments for acquisition of intangible fixed assets	(383)	(696)	(1,059)
Payments of guarantee deposits	(5,674)	(8,612)	(12,376)
Proceeds from reversal of guarantee deposits	3,509	4,531	5,444
Proceeds from the sale of guarantee deposits	4,173	-	-
Others	(79)	(101)	(200)
	(14,116)	(28,248)	(73,853)
Net cash provided by (used in) financing activities			
Proceeds from increase in short-term borrowings	336,683	335,132	422,271
Payments of short-term borrowings	(336,806)	(334,545)	(421,518)
Proceeds from increase in long-term debt	8,568	14,990	44,451
Payments of long-term debt	(4,111)	(9,197)	(9,308)
Payments for redemption of bonds	(4,845)	-	-
Payments for purchase of treasury stock	(1)	(2)	(78)
Dividends	(667)	(998)	(1,751)
Dividend payments to minority shareholders	-	(1)	(1)
Proceeds from issuing of corporate bonds	-	-	50
	(1,179)	5,377	34,114
Effect of exchange rate changes on cash and cash equivalents	-	(13)	152
Net increase in cash and cash equivalents	(28,978)	17,231	(7,494)
Cash and cash equivalents at beginning of term	47,799	19,662	37,857
Increase in cash and cash equivalents accompanying new consolidation	841	963	-
Decrease in cash and cash equivalents resulting from consolidation eliminations	-	-	(518)
Cash and cash equivalents at end of term	19,662	37,857	29,844

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

Years ended March 31; Millions of yen	2004	2005	2006
Cash and time deposits	19,716	37,908	30,034
Time deposits, etc., of 3 months or longer	(54)	(50)	(190)
Cash and cash equivalents at end of term	19,662	37,857	29,844

Capital expenditure plans

Millions of yen	Expenditures to date	Anticipated expenditures	Date	
			commenced	Date completed
Significant new additions of facilities				
Yamada Denki Co., Ltd.				
Tecc Land stores				
Sapporo Tsukisamu	1,176	763	2005/8	2006/4
Noda	721	63	2005/11	2006/4
Tagajo	423	607	2005/11	2006/4
Matsue	41	1,143	2006/1	2006/5
Shin-Ota	501	272	2006/2	2006/5
Sapporo Tonden	316	502	2006/2	2006/5
Shin-Miyakonojo	27	832	2006/3	2006/6
Shimonoseki 2	38	609	2006/3	2006/6
Oita Minaharu	290	663	2006/2	2006/6
Misato	12	1,093	2006/4	2006/7
Togitsu	-	249	2006/4	2006/7
Iwakuni	-	985	2006/4	2006/7
	3,547	7,787		

Dividend policy

In allocating its profits, the Company is most concerned with the stability and continuity of dividend payments to shareholders. At the same time, amid changes occurring in the economics of the retail sector, it also believes that internal reserves are indispensable for achieving stable growth through a strengthened corporate structure. It has consequently adopted a basic policy of paying out dividends commensurate with profits. The Company will invest retained earnings in two principal areas to maintain and enhance future competitiveness: capital projects, including new store openings and renovations of existing stores; and programs aimed at strengthening fundamental operating capabilities, including programs concerned with humanresources development and with strengthening the Group's financial structure.

In consideration of the higher profits reported for the term, the Company has decided to increase its dividend for the year by 5 yen per share to 25 yen per share.

Operations

Consolidated statement of income

Years ended March 31; Millions of yen	2004	2005	2006
Net sales	939,137	1,102,390	1,283,961
Cost of goods sold	728,035	870,676	999,185
Gross profit on sales	211,101	231,713	284,776
Selling, general and administrative expenses	197,734	202,555	235,403
Operating income	13,366	29,157	49,372
Nonoperating income			
Interest income	477	501	543
Purchase discount	8,408	9,977	11,531
Income on sales promotion	1,865	2,523	-
Amortization of consolidation translation adjustments	5,219	5,116	-
Others	1,782	1,572	2,116
	17,754	19,691	14,190
Nonoperating expenses			
Interest expenses	395	583	691
Valuation losses on derivatives	-	-	105
Others	73	79	152
	469	662	948
Ordinary profit	30,652	48,186	62,614
Extraordinary income			
Reversal of allowance for doubtful accounts	41	-	19
Gain on sales of fixed assets	-	97	58
Gain on transference of guarantee deposits	291	-	-
Gain on return of security deposits	-	-	120
Subsidy income	-	-	117
Others	18	42	8
	351	140	324
Extraordinary losses			
Loss on disposal of fixed assets	127	106	281
Out-of-court settlement	98	-	-
Loss on cancellation of guarantee deposits	20	30	212
Impairment losses	-	876	-
Loss due to reduction entries for fixed assets	-	-	107
Provision of directors' and corporate auditors' retirement allowances for prior years	-	1,503	-
Valuation losses on derivatives	-	353	-
Others	28	570	140
	274	3,440	742

Years ended March 31; Millions of yen	2004	2005	2006
Income before taxes and other adjustments	30,728	44,885	62,196
Corporate, inhabitant and enterprise taxes	14,797	16,599	25,008
Corporate income taxes for prior years	-	-	1,140
Deferred taxes	(3,410)	(823)	(1,404)
	11,386	15,775	24,744
Minority interest in loss (income) of consolidated companies	(173)	(290)	(424)
Net income	19,168	28,819	37,027

Consolidated statement of retained earnings

Years ended March 31; Millions of yen	2004	2005	2006
Capital reserves			
Capital reserves, beginning of term	45,990	45,990	46,311
Increase in capital reserves			
Increase due to conversion of bonds with stock-purchase warrants	-	321	19,850
	-	321	19,850
Capital reserves, end of term	45,990	46,311	66,162
Retained earnings			
Retained earnings, beginning of term	35,997	54,753	82,883
Increase in retained earnings			
Increase due to new consolidation	341	-	-
Net income	19,168	28,819	37,027
	19,510	28,819	37,027
Decrease in retained earnings			
Dividends	666	999	1,753
Directors' and corporate auditors' bonuses	87	104	118
Decrease due to new consolidation	-	85	-
	753	1,189	1,871
Retained earnings, end of term	54,753	82,383	117,539

Results of operations

Fiscal year ended March 31, 2006

Economic and other factors affecting operations

- 1) A recovering Japanese economy
 - Strong capital investment trends fueled by higher corporate profits
 - Brighter employment environment supporting recovery in consumption
- 2) Seasonal weather; expanded area for reception of terrestrial digital broadcasting; replacement cycles
 - Hot summer translating into increased sales of air conditioners, and other seasonal goods
 - Appeal and expanded reach of digital broadcasting, boosting sales of large-screen televisions, both plasma and LCD
 - Continued strong replacement demand for washing machines and other white goods
- 3) Declining prices for personal computers and other PC-related products, depressing sales on a value basis

Strategic responses

- 1) Enhancing the quality of in-store service
 - Highlighted by the following slogans for the year:
 - “The year when ‘The Best In-Store Service in Japan’ and ‘Help through Kindness Providers’ became permanently established in our stores”
 - “Increasing Profits by Enhancing Customer Satisfaction”
 - To achieve these goals, employee skills were sharpened through group training sessions at the Soseijuku staff training center and through on-the-job training
- 2) Sales promotion and expansion of business areas
 - Steps to improve convenience of point discount programs; e.g., “Point Machine,” “Mutual Point Exchange with Senshukai,” and the “Point Redemption System”
 - Aggressive expansion of the franchisee-operated store network
 - Establishment of Tokai Tecc Land Co., Ltd., Cosmos Berry’s Co., Ltd., and Chushikoku Tecc Land Co., Ltd.
- 3) Store expansion: 41 new store openings, 6 closings, bringing total outlets at end of year to 300

- Openings included the Company's first large, intra-city outlet, "LABI 1 NAMBA," which was opened in the Namba district of Osaka.
- The Shimo-Suwa Store and five other stores were closed as part of a scrap & build program.
- With the opening of the Tecc Land Tokushima store in Tokushima Prefecture in July 2005, the Company became the first large-volume electrical retailer to complete nation-wide expansion (stores in all 47 prefectures).
- Outlet types: 265 directly managed stores; 35 franchisee-operated stores

Financial analysis and sales breakdown (year-on-year percentage changes)

1) Key financial results

- Net sales, up 16.5% to 1,283,961 million yen
- Operating income, up 69.3% to 49,372 million yen
- Ordinary profit, up 29.9% to 62,614 million yen
- Net income, up 28.5% to 37,027 million yen

2) Sales breakdown

- Household appliances: sales increased by 17.8% to 782,661 million yen, accounting for 61.0% of total sales.
- Information-related electronics: sales increased by 11.0% to 387,747 million yen, accounting for 30.2% of total sales.
- Other products: sales increased by 27.8% to 113,551 million yen, accounting for 8.8% of total sales.

Sales

Year ended March 31; Millions of yen	2006		
	Amount	%	Year-on-year comparison (%)
Products			
Home appliances			
Color televisions	170,932	13.3	32.9
Video equipment	91,228	7.1	0.2
Audio equipment	45,934	3.6	13.6
Refrigerators	69,832	5.4	14.0
Washing machines	51,618	4.0	22.6
Cooking appliances	49,427	3.9	17.3
Air conditioners	58,663	4.6	13.0
Other home cooling and heating equipment	33,801	2.6	18.3
Others	211,222	16.5	18.6
	782,661	61.0	17.8
Home information appliances			
Personal computers	200,923	15.7	6.4
Computer peripherals	105,638	8.2	15.3
Software	10,865	0.8	3.5
Telephone and facsimile equipment	13,658	1.1	8.9
Others	56,657	4.4	24.0
	387,747	30.2	11.0
Non-appliances			
Videos and books	83,934	6.5	31.6
Others	29,616	2.3	18.2
	113,551	8.8	27.8
	1,283,961	100.0	16.5

Sales per unit

Year ended March 31; Millions of yen	2006	
	Amount	Year-on-year comparison
Net sales	1,283,961	16.5
Sales floor space (average) - m ²	959,539	17.8
Sales per square meter - thousands of yen	1,338	(1.1)
Employees (average) - persons	13,102	14.1
Sales per employee	97	1.0

Leases

Under generally accepted accounting principles in Japan, finance leases that do not transfer ownership are accounted for in the same manner as operating leases when “as if capitalized” information is disclosed.

The Company’s main finance lease contracts are as follows:

Item	Term	Current payments	Future payments
	Months	Millions of yen	
Computer and peripheral equipment	60	568	1,723
Store buildings	120	136	598
Store facilities	36-108	2,388	7,830

Pro forma information on leased property is as follows:

Millions of yen	2005	2006
Buildings and structures		
Acquisition cost	1,781	1,673
Accumulated depreciation	378	417
Accumulated loss on impairment of fixed assets	-	-
Net leased property	1,403	1,256
Others		
Acquisition cost	16,480	18,205
Accumulated depreciation	7,441	8,365
Accumulated loss on impairment of fixed assets	147	75
Net leased property	8,890	9,764
Total		
Acquisition cost	18,261	19,879
Accumulated depreciation	7,820	8,783
Accumulated loss on impairment of fixed assets	147	75
Net leased property	10,293	11,020
Future minimum lease payments, including interest portion		
Due within one year	3,124	3,363
Due after one year	6,659	8,010
	9,784	11,373
Balance of account for impairment of leased assets	147	75
Lease payments	3,339	3,797
Write-down of account for impairment of leased assets	36	72
Pro forma depreciation expenses (assuming straight-line method)	3,012	3,460
Pro forma interest expenses	336	338
Impairment losses	184	-

Capital Structure

Consolidated balance sheet

Assets

March 31; Millions of yen	2004	2005	2006
Current assets			
Cash and time deposits	19,716	37,908	30,034
Notes and accounts receivable	12,755	20,091	15,394
Marketable securities	1	-	-
Inventories	116,441	117,237	146,326
Deferred tax assets	7,368	7,076	7,289
Others	11,368	11,784	14,369
Allowance for doubtful accounts	(38)	(40)	(20)
	167,614	194,057	213,934
Fixed assets			
Tangible fixed assets			
Buildings and structures	62,796	76,577	96,620
Land	20,624	22,543	55,351
Others	5,825	5,897	7,704
	89,247	105,217	159,676
Intangible fixed assets	1,192	1,806	2,665
Investments and other assets			
Investments in securities	2,711	2,962	3,699
Guarantee deposits	60,995	65,144	71,355
Deferred tax assets	780	1,786	2,919
Others	5,972	5,898	7,149
Allowance for doubtful accounts	(107)	(128)	(123)
	70,352	75,663	84,999
Total fixed assets	160,792	182,487	247,341
Total assets	328,406	376,544	461,275

Liabilities and shareholders' equity

March 31; Millions of yen	2004	2005	2006
Current liabilities			
Notes and accounts payable	51,458	57,228	62,026
Income tax payable	8,787	9,865	17,575
Reserve for bonuses	1,521	1,680	1,791
Allowance for customer-discount points	16,728	15,745	13,957
Others	24,039	34,341	36,947
	102,534	118,860	132,298
Long-term liabilities			
Bonds	50,000	49,357	9,641
Long-term debt	12,789	20,177	51,840
Retirement benefits	2,142	2,597	3,377
Reserve for directors' and corporate auditors' retirement allowances	-	1,604	1,826
Consolidation translation adjustments	5,441	-	-
Allowance for merchandise warranties	-	-	2,194
Others	6,349	6,429	7,304
	76,721	80,165	76,184
Total liabilities	179,256	199,025	208,482
Minority interests in consolidated companies	2,411	2,299	2,670
Shareholders' equity			
Common stock	46,053	46,375	66,240
Capital reserves	45,990	46,311	66,162
Retained earnings	54,753	82,383	117,539
Unrealized gains or losses on other securities	(51)	157	267
Treasury stock	(7)	(9)	(87)
Total shareholders' equity	146,738	175,219	250,122
Total liabilities, minority interests and shareholders' equity	328,406	376,544	461,275

Nonconsolidated Financial Statements

Nonconsolidated statement of income

Years ended March 31; Millions of yen	2004	2005	2006
Net sales			
Net sales - merchandise goods	920,558	1,071,415	1,263,543
Net sales - rental fees	1,438	1,261	692
	921,997	1,072,677	1,264,235
Cost of goods sold			
Cost of goods sold - merchandise			
Merchandise inventory, beginning of term	64,427	94,471	96,137
Purchase of merchandise for term	771,124	877,204	1,038,680
Provision for allowance for merchandise warranties	-	-	754
	835,551	971,676	1,135,572
Merchandise inventory, end of term	94,471	96,137	122,984
	741,080	875,538	1,012,588
Cost of goods sold - rental fees	55	45	27
	741,135	875,583	1,012,615
Gross profit on sales			
Merchandise goods	179,478	195,877	250,955
Rental fees	1,383	1,216	664
	180,861	197,094	251,619
Selling, general and administrative expenses			
Advertising expenses	15,761	17,949	20,303
Point-related promotional expenses	59,067	51,505	64,586
Allowance for point-related promotions	7,607	-	-
Provision for doubtful accounts	5	12	-
Provision of directors' and corporate auditors' retirement allowances	-	95	260
Employee salaries	29,403	36,817	42,250
Reserve provision for bonuses	1,346	1,448	1,552
Pension benefit expenses	590	689	1,066
Employee benefit expenses	4,042	4,719	5,491
Leasing fees	18,045	20,527	22,871
Water, heating and lighting expenses	4,053	4,587	5,200
Depreciation expenses	5,545	6,186	7,447
Others	21,845	27,780	36,194
	167,313	172,319	207,224
Operating income	13,547	24,774	44,395

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Years ended March 31; Millions of yen	2004	2005	2006
Nonoperating income			
Interest income	734	731	761
Purchase discount	8,408	9,977	10,565
Income from sales promotions	1,748	2,504	-
Others	1,273	1,253	1,672
	12,164	14,467	13,000
Nonoperating expenses			
Interest expenses	336	509	625
Others	39	35	79
	376	545	704
Ordinary profit	25,335	38,696	56,691
Extraordinary income			
Gain on sales of fixed assets	-	97	-
Gain on redemption of golf memberships	-	18	-
Gain on cancellation of guarantee deposits	-	15	-
Reversal of allowance for doubtful accounts	-	-	1,317
Subsidy income	-	-	117
Others	-	5	-
	-	136	1,435
Extraordinary losses			
Loss on disposal of fixed assets	79	58	252
Loss on cancellation of guarantee deposits	20	30	174
Directors' and corporate auditors' retirement expenses	24	-	-
Impairment losses	-	876	-
Provision of directors' and corporate auditors' retirement allowances for prior years	-	1,503	-
Provision of allowance for losses on investments in affiliates	-	-	722
Loss due to reduction entries for fixed assets	-	-	107
Loss on retirement of shares in a subsidiary due to a merger	-	-	628
Provision for doubtful accounts	2,005	-	-
Others	3	285	48
	2,134	2,755	1,933
Income before taxes and other adjustments for the term	23,201	36,077	56,192
Corporate, inhabitant and enterprise taxes	14,448	15,830	24,111
Corporate income taxes for prior years	-	-	1,136
Deferred taxes	(4,105)	(844)	(1,100)
	10,344	14,985	24,147
Net income for the term	12,857	21,091	32,045
Retained earnings brought forward from previous term	2,090	1,854	3,084
Unappropriated retained earnings, end of term	14,948	22,945	35,130

Nonconsolidated balance sheet**Assets**

March 31; Millions of yen	2004	2005	2006
Current assets			
Cash and time deposits	16,141	32,658	26,245
Accounts receivable - trade	20,090	26,005	18,421
Merchandise	94,471	96,137	122,984
Short-term loans to affiliates	9,357	3,764	5,811
Prepaid expenses	1,612	1,849	2,106
Deferred tax assets	7,236	6,965	7,164
Accounts receivable - others	5,769	5,866	3,894
Current portion of guarantee deposits	2,139	2,508	2,776
Others	387	628	704
Allowance for doubtful accounts	(34)	(46)	(32)
	157,172	176,338	190,077
Fixed assets			
Tangible fixed assets			
Buildings	69,426	86,859	111,509
Accumulated depreciation	16,652	20,867	25,729
	52,773	65,992	85,780
Structures	5,775	7,197	8,342
Accumulated depreciation	2,597	3,188	3,832
	3,178	4,009	4,509
Vehicles and delivery equipment	104	104	104
Accumulated depreciation	78	85	90
	25	18	14
Tools, furniture and fixtures	6,677	7,969	10,212
Accumulated depreciation	3,727	4,636	5,646
	2,949	3,333	4,565
Land	15,278	16,857	49,935
Construction in progress	2,016	1,728	2,442
	76,221	91,940	147,248

YAMADA DENKI

March 31; Millions of yen	2004	2005	2006
Intangible fixed assets			
Leaseholds	445	757	1,604
Software	272	499	479
Telephone bonds	202	209	209
	920	1,466	2,293
Investments and other assets			
Investments in securities	1,355	2,147	2,616
Capital stock of affiliated companies	6,511	6,921	22,600
Bonds of affiliated companies	4,845	4,845	-
Investments other than securities	637	0	0
Long-term loans	0	-	-
Long-term loans to affiliated companies	14,062	13,779	4,602
Long-term prepaid expenses	5,050	5,499	6,220
Deferred tax assets	3,088	4,094	4,970
Guarantee deposits	41,134	45,273	51,944
Others	110	101	231
Allowance for losses on investments in affiliates	(499)	(499)	(1,221)
Allowance for doubtful accounts	(5,320)	(5,320)	(4,017)
	70,974	76,840	87,946
Total fixed assets	148,116	170,247	237,488
Total assets	305,288	346,586	427,565

Liabilities and shareholders' equity

March 31; Millions of yen	2004	2005	2006
Current liabilities			
Notes payable - trade	470	568	487
Accounts payable – trade	49,965	55,346	59,257
Current portion of long-term debt	6,703	5,918	9,247
Accounts payable - others	5,015	7,062	7,930
Accrued expenses	1,348	1,687	2,025
Income tax payable	8,499	9,266	16,736
Consumption tax payable	706	1,474	548
Advances from customers	5,342	8,067	10,824
Reserve for bonuses	1,346	1,448	1,552
Allowance for customer-discount points	14,327	13,512	12,305
Others	1,439	2,575	2,041
	95,165	106,928	122,954
Long-term liabilities			
Bonds	50,000	49,357	9,641
Long-term debt	11,433	18,740	50,583
Retirement benefits	2,142	2,582	3,360
Reserve for directors' and corporate auditors' retirement allowances	-	1,572	1,789
Allowance for merchandise warranties	-	-	1,983
Others	1,341	1,400	1,389
	64,916	73,652	68,746
Total liabilities	160,082	180,580	191,700
Shareholders' equity			
Common stock	46,053	46,375	66,240
Capital reserves			
Additional paid-in capital	45,990	46,311	66,162
	45,990	46,311	66,162
Retained earnings			
Legal income reserves	312	312	312
Voluntary reserves - total			
Special reserves	38,000	50,000	68,000
Unappropriated retained earnings, end of term	14,948	22,945	35,130
	53,260	73,257	103,442
Unrealized gains or losses on other securities	(91)	69	106
Treasury stock	(7)	(9)	(87)
Total shareholders' equity	145,206	166,005	235,864
Total liabilities and shareholders' equity	305,288	346,586	427,565

Share-related Information

Shares in issue

Class of shares	Common
Number of shares authorized	120,000,000
Issued	
As March 31, 2006	94,056,563
As June 29, 2006	94,139,279
Stock exchange listings	Tokyo Stock Exchange, First Section
Comments	-

Changes in common stock and number of shares outstanding

Shares Millions of yen	Shares outstanding		Common stock		Additional paid-in capital		Remarks
	Increase or decrease	Balance	Increase or decrease	Balance	Increase or decrease	Balance	
June 3, 2001	3,000,000	27,699,541	13,794	45,975	13,791	45,911	Public offering of shares
March 31, 2002	23,508	27,723,049	25	46,000	25	45,937	Conversion of convertible bonds
November 20, 2002	55,544,414	83,267,463	-	46,000	-	45,937	3-for-1 split
March 31, 2003	49,158	83,316,621	53	46,053	53	45,990	Conversion of convertible bonds
March 31, 2005	176,181	83,492,802	321	46,375	321	46,311	Exercise of stock-purchase warrants
March 31, 2006	10,563,761	94,056,563	19,865	66,240	19,850	66,162	Exercise of warrants

Between April 1, 2006 and May 31, 2006, total outstanding shares increased by 82,716 shares, capital stock by 158 million yen, and additional paid-in capital by 157 million yen as a result of the exercise of stock purchase/subscription warrants.

Shareholders by type of investor

Type of investor	Number of shareholders	Hundreds of shares	% owned
National and local government agencies	-	-	-
Financial institutions	107	269,480	28.6
Securities companies	49	11,083	1.2
Business and other corporations	219	85,637	9.1
Non-residents (other than individuals)	483	527,224	56.1
Non-residents (individuals)	5	9	0.0
Individuals and others	11,831	47,042	5.0
	12,694	940,475	100.0
Shares less than one unit	-	9,063	-

Largest shareholders

Name	Thousands of shares owned	Of which, held in trust accounts	% of shares outstanding
State Street Bank & Trust	7,734.4		8.22
Master Trust Bank of Japan (Trust Account)	5,941.3	4,481.2	6.31
Japan Trustee Services Bank (Trust Account)	5,274.7	3,629.3	5.60
Tecc-Planning	4,686.0		4.98
The Chase Manhattan Bank, NA London	2,522.0		2.68
State Street Bank & Trust 505103	2,280.9		2.42
Gunma Bank	1,641.0		1.74
Trust & Custody Services Bank, Ltd. (Trust Account B)	1,615.5		1.71
The Chase Manhattan Bank, NA London SL Omnibus Account	1,546.5		1.64
State Street Bank & Trust 505025	1,526.6		1.62
	34,769.1		37.00

Share information

Fiscal year-end	March 31
Ex-rights date	March 31
Ex-rights date for interim dividend	September 30
Annual general meeting of shareholders	June
Trading unit	100 shares
Types of share certificates	100, 1,000 and 10,000 shares
Transfer agent	Mizuho Trust & Banking, 1-2-1 Yaesu, Chuo-ku, Tokyo
Publication of record	<i>The Nihon Keizai Shimbun</i>

Based on a resolution adopted by the Board of Directors on May 10, 2006, the Company changed the number of shares that constitutes a trading unit share from 100 shares to 10 shares. The new trading unit took effect on July 1, 2006.

Contact

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