

Clarion Co., Ltd. and Subsidiaries

Consolidated Statements of Income

	Millions of yen, except per-share amounts			Thousands of U.S. dollars, except per- share amounts
	Year ended March 31			Year ended March 31
	2007	2006	2005	2007
Net sales.....	¥181,041	¥184,176	¥178,325	\$1,533,602
Cost of sales	148,200	147,123	140,786	1,255,403
Gross profit.....	32,841	37,053	37,538	278,198
Selling, general and administrative expenses (Notes 12 and 17).....	29,768	31,824	27,956	252,168
Operating income.....	3,072	5,228	9,582	26,030
Other income:				
Interest and dividend income	336	270	255	2,848
Gain on sales of property, plant and equipment	259	2,000	55	2,199
Gain on sales of investments in securities	50	1,373	78	426
Gain on transfer of logistic operation	—	270	—	—
Equity in gain of affiliates.....	22	222	136	193
Others	426	1,055	609	3,610
	1,095	5,192	1,134	9,278
Other expenses:				
Interest expenses.....	867	835	1,501	7,344
Net loss on foreign currency transactions.....	9	327	468	81
Loss on sales and disposal of property, plant and equipment	341	812	89	2,892
Impairment loss on fixed assets.....	113	1,335	270	963
Purification cost for land.....	1,436	—	—	12,164
Additional severance costs.....	112	417	—	949
Patent fee for prior years.....	—	335	120	—
Loss on devaluation of investments in securities.....	16	54	96	140
Provision for doubtful accounts.....	—	—	2,690	—
Others	1,103	1,767	2,529	9,351
	4,000	5,886	7,766	33,887
Income before income taxes.....	167	4,534	2,950	1,421
Provision/(benefit) for income taxes:				
Current	651	588	546	5,518
Deferred	287	(1,925)	(2,874)	2,431
	938	(1,337)	(2,328)	7,950
(Loss)/Income before minority interests	(770)	5,871	5,279	(6,528)
Minority interests in subsidiaries.....	13	8	167	116
Net (loss)/income.....	¥ (784)	¥ 5,862	¥ 5,111	\$ (6,644)
Per share:				
Net income/(loss)	¥ (2.78)	¥20.76	¥18.09	\$ (0.024)
Cash dividends	¥ 2.00	¥ 2.00	¥ —	\$ 0.017

The accompanying notes are an integral part of these consolidated financial statements.

Clarion Co., Ltd. and Subsidiaries

Consolidated Statements of Shareholders' Equity

	Millions of yen									
	Number of common shares outstanding (Thousands)	Common stock	Additional paid-in capital	Retained earnings/ (losses)	Net unrealized gain on revaluation of land	Gain on deferred hedge	Net unrealized gain on other securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
	Balance at March 31, 2004.....	282,744	¥26,100	¥ 33,559	¥(33,062)	¥2,572	¥—	¥ 561	¥(8,726)	¥(17)
Transfer to retained earnings.....	—	—	(30,889)	30,889	—	—	—	—	—	—
Net income.....	—	—	—	5,111	—	—	—	—	—	5,111
Change in treasury stock.....	—	—	—	—	—	—	—	—	(11)	(11)
Net unrealized loss on revaluation of land	—	—	—	—	(300)	—	—	—	—	(300)
Net unrealized gain on securities.....	—	—	—	—	—	—	251	—	—	251
Foreign currency translation adjustments	—	—	—	—	—	—	—	695	—	695
Others	—	—	—	(4)	—	—	—	—	—	(747)
Balance at March 31, 2005.....	282,744	26,100	2,669	2,934	2,272	—	813	(8,031)	(29)	26,729
Net income.....	—	—	—	5,862	—	—	—	—	—	5,862
Change in accounting standard for overseas subsidiary.....	—	—	—	(1,331)	—	—	—	1,367	—	35
Change in treasury stock.....	—	—	—	—	—	—	—	—	(10)	(10)
Net unrealized gain/(loss) on revaluation of land.....	—	—	—	1,020	(1,028)	—	—	—	—	(8)
Net unrealized gain on securities.....	—	—	—	—	—	—	104	—	—	104
Foreign currency translation adjustments	—	—	—	—	—	—	—	1,771	—	1,771
Others	—	—	—	(2)	—	—	—	—	—	(25)
Balance at March 31, 2006.....	282,744	26,100	2,669	8,483	1,244	—	918	(4,891)	(39)	34,484
Net loss.....	—	—	—	(784)	—	—	—	—	—	(784)
Dividends from surplus.....	—	—	—	(564)	—	—	—	—	—	(564)
Change in treasury stock.....	—	—	—	—	—	—	—	—	(43)	(43)
Net unrealized gain/(loss) on revaluation of land.....	—	—	—	215	(215)	—	—	—	—	—
Net unrealized loss on securities.....	—	—	—	—	—	—	(295)	—	—	(295)
Foreign currency translation adjustments	—	—	—	—	—	—	—	1,225	—	1,225
Others	—	—	—	—	—	—	—	—	—	34
Balance at March 31, 2007.....	282,744	¥26,100	¥ 2,669	¥ 7,349	¥1,029	¥ 7	¥ 622	¥(3,666)	¥(83)	¥34,027

	Thousands of U.S. dollars									
	Number of common shares outstanding (Thousands)	Common stock	Additional paid-in capital	Retained earnings/ (losses)	Net unrealized gain on revaluation of land	Gain on deferred hedge	Net unrealized gain on other securities	Foreign currency translation adjustments	Treasury stock	Total shareholders' equity
	Balance at March 31, 2006.....	282,744	\$221,095	\$22,614	\$71,864	\$10,542	\$—	\$7,778	\$(41,438)	\$(337)
Net loss.....	—	—	—	(6,644)	—	—	—	—	—	(6,644)
Dividends from surplus.....	—	—	—	(4,785)	—	—	—	—	—	(4,785)
Change in treasury stock.....	—	—	—	—	—	—	—	—	(371)	(371)
Net unrealized gain/(loss) on revaluation of land.....	—	—	—	1,823	(1,823)	—	—	—	—	—
Net unrealized gain on securities.....	—	—	—	—	—	—	(2,506)	—	—	(2,506)
Foreign currency translation adjustments	—	—	—	—	—	—	—	10,379	—	10,379
Others	—	—	—	—	—	61	—	—	—	61
Balance at March 31, 2007.....	282,744	\$221,095	\$22,614	\$62,257	\$8,718	\$61	\$5,272	\$(31,059)	\$(709)	\$288,250

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