

IWATSU ELECTRIC CO., LTD.

2007 ANNUAL REPORT
For the year ended March31, 2007

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Overview of Fiscal 2006

The sharp rise in the price of oil, raw materials and other essentials was cause for concern in the Japanese economy during the term under review. However, in addition to steady improvement in company income, increase in capital investments and improved employment conditions, there was growth in exports backed by the weak yen and, although individual consumption lacked vigor, there was a moderate tone of recovery.

Within this business climate, the Group continued to pursue the maximization of group value and enhanced management efficiency during this, the final year of the current medium-term business plan IWATSU 530.3C.

In the Communication Systems Division, we made efforts to expand the core product IP compatible office communication systems and released PRECOT, a new small-scale office communication system, in September 2006, reflecting ongoing progress in the broadband infrastructure. This is a communication system with a strong broadband awareness, capable of realizing more diverse office solutions based on Internet access and image display functions through multifunction IP telephones equipped with large-size touch panel displays. In February 2007, we launched Desk Shopping service, a new e-commerce business model using this system, with the aim of seeking a further expansion in demand. In addition, we also promoted alliances with multitude multiple businesses while focusing efforts on promoting sales of IP compatible products and expanding our solution business as a way of promoting continued growth in the products that we handle as well as reinforcement of our sales network. Furthermore, in the Industrial Measuring Instrument Division, we moved forward with initiatives for the establishment of new business and technology for our core product oscilloscopes. In January, our Reprographic Systems Division released iJESTA, a new platesetter based on inkjet technology.

Nevertheless, consolidated sales for the term amounted to ¥37,169 million (¥39,567 million in the previous term), a decline of 6.0% year-on-year. The primary reasons for this include a decline in the sales volume of the core product line of office communication systems as the result of a level lower than anticipated in sales targeting SMEs, a major customer base, due to the effects of rigid credit management by leasing companies and inability of the Desk Shopping service to attain a level at which it would contribute to company performance. In regard to revenues, in addition to further deterioration in the profit/ loss picture at sales and manufacturing subsidiaries in the communication systems field due to the effects of the lackluster sales volume, the shift to a defined contribution pension program and reversal of deferred income tax assets resulted in a net loss for the term of ¥712 million (¥347 million net loss in the previous term).

The steady tone of recovery will likely continue in the economy of Japan driven by private-sector demand; however, depending on the state of the U.S. economy and the effects of financial and economic globalization, it is not possible to dispel a lack of transparency in the path ahead.

Under such conditions, the Group will continue to pursue business with the expansion of sales in the communication systems operations and improved profit/ loss performance as the highest priority issues. We will devise means to boost revenues by promoting sales centered in PRECOT and other products by placing an emphasis on medium-size and large-size businesses that are able to receive credit with greater relative ease in the domestic market centered on leasing and sales and offering proposals of the Desk Shopping service that we have now started as well as various other solutions, while seeking improvement in profit/ loss performance by reducing prime costs and fixed expenses.

The new three-year medium-term business plan - IWATSU Value-Up V6, that we have formulated with 2007 as the initial year, sets forth three basic policies, namely, challenges for new business, reform of the revenue structure and structural reform of group management. We intend to develop an "increasing returns" type business utilizing the next generation network NGN being promoted by NTT, expand existing business in information communications operations by focusing on activities in North America, reinforce direct sales capabilities, and realize improvements in profit-earning capacity and an enhancement of corporate value by reducing costs through the active utilization of design VE and imported parts, the repositioning of group resources and the like.

We hope to receive the continued support and encouragement of our shareholders.

Goals of New Medium-Term Business Plan - IWATSU Value-Up V6 (FY2007-09)

	FY2006 performance		FY2009 business plan goals	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Sales volume (¥100 mil.)	372	268	480	350
Operating profit (¥100 mil.)	-3	-0	30	20
Operating profit margin (%)	-0.7	-0.2	6.0 or more	5.0 or more

IWATSU ELECTRIC CO., LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars	
	2007	2006	2007	2006
Net sales	¥ 37,169	¥ 39,567	\$ 314,858	\$ 335,172
Costs and expenses :				
Cost of sales	23,511	25,413	199,162	215,274
Selling, general and administrative expenses	13,916	14,156	117,882	119,915
	<u>37,427</u>	<u>39,569</u>	<u>317,044</u>	<u>335,189</u>
Operating loss	(258)	(2)	(2,186)	(17)
Other income (expenses):				
Interest and dividend income	73	45	618	381
Interest expense	(23)	(38)	(195)	(322)
Gain on sale of investment securities and investments in affiliated companies, net	414	175	3,507	1,482
Loss on disposal of inventories	(40)	(4)	(339)	(34)
Exchange gains	(16)	195	(136)	1,652
Gain on sale of property, plant and equipment	42	5	356	42
Loss on sale and disposal of property, plant and equipment	(61)	(48)	(517)	(407)
Special severance and retirement benefits	-	(17)	-	(144)
Loss from operations of test instruments	-	(599)	-	(5,074)
Loss on transition to defined contribution pension plan	(487)	-	(4,125)	-
Other - net	76	80	645	679
	<u>(22)</u>	<u>(206)</u>	<u>(186)</u>	<u>(1,745)</u>
Loss before income taxes and minority interests	(280)	(208)	(2,372)	(1,762)
Income taxes :				
Current	147	189	1,245	1,601
Deferred	285	(49)	2,414	(415)
	<u>432</u>	<u>140</u>	<u>3,659</u>	<u>1,186</u>
Loss before minority interests	(712)	(348)	(6,031)	(2,948)
Minority interests	-	-	-	-
Net loss	<u>¥ (712)</u>	<u>¥ (348)</u>	<u>\$ (6,031)</u>	<u>\$ (2,948)</u>
Net loss per share:				
Basic	¥ (7.08)	¥ (3.68)	\$ (0.06)	\$ (0.03)
Diluted	-	-	-	-

IWATSU ELECTRIC CO., LTD.
CONSOLIDATED BALANCE SHEETS
March 31, 2007 and 2006

<u>ASSETS</u>	Millions of yen		Thousands of U.S. dollars	
	2007	2006	2007	2006
Current assets:				
Cash	¥ 4,015	¥ 4,698	\$ 34,011	\$ 39,797
Notes and accounts receivable - trade:				
Unconsolidated subsidiaries and affiliated companies	403	475	3,414	4,024
Other	10,713	10,156	90,750	86,031
Inventories	5,698	6,147	48,268	52,071
Deferred tax assets	247	660	2,092	5,591
Other current assets	408	466	3,456	3,947
Allowance for doubtful accounts	(14)	(22)	(119)	(186)
Total current assets	21,470	22,580	181,872	191,275
Property, plant and equipment, at cost				
Land	1,035	1,003	8,767	8,496
Buildings and structures	11,259	11,178	95,375	94,689
Machinery and equipment	17,538	17,792	148,564	150,716
Construction in progress	0	63	0	533
	29,832	30,036	252,706	254,434
Accumulated depreciation	(24,117)	(24,065)	(204,294)	(203,854)
	5,715	5,971	48,412	50,580
Intangible assets	2,470	2,410	20,923	20,415
Investments and other assets:				
Investment securities	1,618	2,658	13,706	22,516
Investments in unconsolidated subsidiaries and affiliated companies	266	220	2,253	1,864
Long-term loans receivable:				
Unconsolidated subsidiaries and affiliated companies	32	30	271	254
Other	29	39	246	330
Long-term prepaid expenses	8	23	68	195
Deferred tax assets	94	50	796	424
Other assets	1,257	1,317	10,648	11,156
Allowance for doubtful accounts	(304)	(353)	(2,575)	(2,990)
	3,000	3,984	25,413	33,749
	¥ 32,655	¥ 34,945	\$ 276,620	\$ 296,019

IWATSU ELECTRIC CO., LTD.
CONSOLIDATED BALANCE SHEETS
March 31, 2007 and 2006

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	Millions of yen		Thousands of U.S. dollars	
	2007	2006	2007	2006
Current liabilities:				
Short-term loans payable	¥ 50	¥ 36	\$ 424	\$ 305
Long-term debt due within one year	764	662	6,472	5,608
Notes and accounts payable - trade:				
Unconsolidated subsidiaries and affiliated companies	20	77	169	652
Other	3,171	3,887	26,861	32,927
Accounts payable - other	341	160	2,889	1,355
Accrued liabilities	2,330	2,507	19,737	21,237
Income taxes payable	135	145	1,144	1,228
Other current liabilities	755	746	6,395	6,320
Total current liabilities	7,566	8,220	64,091	69,632
Long-term debt due after one year	1,756	752	14,875	6,370
Severance and retirement benefits for employees	4,122	5,901	34,917	49,987
Deferred tax liabilities	326	759	2,762	6,429
Other liabilities	904	158	7,658	1,339
Contingent liabilities				
Minority interests	-	-	-	-
Stockholders' equity:				
Common stock				
Authorized - 300,000,000 shares				
Issued - 100,803,447 shares	6,025	6,025	51,038	51,038
Capital surplus	6,942	6,942	58,806	58,806
Retained earnings	4,892	5,626	41,440	47,658
Net unrealized holding gains on securities	458	974	3,880	8,251
Foreign currency translation adjustments	(297)	(378)	(2,517)	(3,203)
	18,020	19,189	152,647	162,550
Less treasury stock of 206,809 shares (180,980 shares in 2006), at cost	(39)	(34)	(330)	(288)
Total stockholders' equity	17,981	19,155	152,317	162,262
	¥ 32,655	¥ 34,945	\$ 276,620	\$ 296,019

IWATSU ELECTRIC CO., LTD.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended March 31, 2007 and 2006

	Millions of yen						
	Number of Shares of common stock	Common stock	Capital surplus	Retained earnings	Net unrealized holding gains on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2005	100,803,447	¥ 6,025	¥ 6,942	¥ 6,295	¥ 556	¥ (510)	¥ (26)
Net income (loss)	-	-	-	(348)	-	-	-
Adjustments from translation of foreign currency financial statements	-	-	-	-	-	132	-
Increase of net unrealized holding gains on securities	-	-	-	-	418	-	-
Treasury stock	-	-	-	-	-	-	(8)
Decrease due to change in scope of consolidated subsidiaries	-	-	-	(3)	-	-	-
Cash dividends	-	-	-	(252)	-	-	-
Bonuses to directors	-	-	-	(66)	-	-	-
Balance at March 31, 2006	100,803,447	¥ 6,025	¥ 6,942	¥ 5,626	¥ 974	¥ (378)	¥ (34)
Net income (loss)	-	-	-	(712)	-	-	-
Adjustments from translation of foreign currency financial statements	-	-	-	-	-	81	-
Decrease of net unrealized holding gains on securities	-	-	-	-	(516)	-	-
Treasury stock	-	-	-	-	-	-	(5)
Bonuses to directors	-	-	-	(22)	-	-	-
Balance at March 31, 2007	100,803,447	¥ 6,025	¥ 6,942	¥ 4,892	¥ 458	¥ (297)	¥ (39)

	Thousands of U.S. dollars					
	Common stock	Capital Surplus	Retained earnings	Net unrealized holding gains on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2005	\$ 51,038	\$ 58,806	\$ 53,325	\$ 4,710	\$ (4,320)	\$ (220)
Net income (loss)	-	-	(2,948)	-	-	-
Adjustments from translation of foreign currency financial statements	-	-	-	-	1,117	-
Increase of net unrealized holding gains on securities	-	-	-	3,541	-	-
Treasury stock	-	-	-	-	-	(68)
Decrease due to change in scope of consolidated subsidiaries	-	-	(25)	-	-	-
Cash dividends	-	-	(2,135)	-	-	-
Bonuses to directors	-	-	(559)	-	-	-
Balance at March 31, 2006	\$ 51,038	\$ 58,806	\$ 47,658	\$ 8,251	\$ (3,203)	\$ (288)
Net income (loss)	-	-	(6,031)	-	-	-
Adjustments from translation of foreign currency financial statements	-	-	-	-	686	-
Increase of net unrealized holding gains on securities	-	-	-	(4,371)	-	-
Treasury stock	-	-	-	-	-	(42)
Bonuses to directors	-	-	(187)	-	-	-
Balance at March 31, 2007	\$ 51,038	\$ 58,806	\$ 41,440	\$ 3,880	\$ (2,517)	\$ (330)

IWATSU ELECTRIC CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2007 and 2006

	Millions of yen		dollars	
	2007	2006	2007	2006
Cash flows from operating activities:				
loss before income taxes and minority interests	¥ (280)	¥ (208)	\$ (2,372)	\$ (1,762)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation	1,870	1,930	15,841	16,349
Increase (Decrease) in allowance for doubtful accounts	(57)	85	(483)	720
Increase (Decrease) in severance and retirement benefits	(1,783)	483	(15,104)	4,091
Interest and dividend income	(73)	(45)	(618)	(381)
Interest expense	23	38	195	322
Gain on sale of investment securities and investments in affiliated companies, net	(414)	(175)	(3,507)	(1,482)
Loss from operations of test instruments	-	479	-	4,058
Loss on transition to defined contribution pension plan	487	-	4,125	-
Gain on sale of property, plant and equipment	(42)	(5)	(356)	(42)
Loss on sale and disposal of property, plant and equipment	61	48	517	407
Changes in operating assets and liabilities - net:				
Decrease (Increase) in notes and accounts receivable - trade	(394)	736	(3,338)	6,235
Decrease in inventories	480	449	4,066	3,803
Decrease in notes and accounts payable - trade	(785)	(233)	(6,650)	(1,974)
Increase in accrued expenses	83	218	703	1,847
Other - net	406	(519)	3,440	(4,398)
Subtotal	(418)	3,281	(3,541)	27,793
Interest and dividend received	73	45	618	381
Interest paid	(23)	(38)	(195)	(322)
Income taxes paid	(161)	(239)	(1,363)	(2,024)
Net cash provided by operating activities	(529)	3,049	(4,481)	25,828
Cash flows from investing activities:				
Decrease (Increase) in time deposits	(1)	11	(8)	93
Proceeds from sale of investment securities	580	459	4,913	3,888
Payment for purchase of investment securities	(54)	(226)	(457)	(1,914)
Proceeds from sale of properties	51	38	432	322
Payment for purchase of properties, intangible assets and long-term prepaid expenses	(1,753)	(2,472)	(14,850)	(20,940)
Proceeds from redemption of investments in trusts	-	16	-	136
Proceeds from liquidation of investment securities	16	-	136	-
Decrease in cash and cash equivalents resulting from sale of investments in a consolidated subsidiary	-	(107)	-	(906)
Other - net	(128)	(44)	(1,085)	(374)
Net cash used in investing activities	(1,289)	(2,325)	(10,919)	(19,695)
Cash flows from financing activities:				
Decrease in short-term bank loans	14	(7)	119	(59)
Proceeds from long-term debt	1,800	-	15,248	-
Repayments of long-term debt	(694)	(1,912)	(5,879)	(16,197)
Dividends paid	(0)	(248)	(0)	(2,101)
Other - net	(6)	(8)	(51)	(67)
Net cash used in financing activities	1,114	(2,175)	9,437	(18,424)
Effect of exchange rate changes on cash and cash equivalents	19	38	161	321
Net increase in cash and cash equivalents	(685)	(1,413)	(5,802)	(11,970)
Cash and cash equivalents at beginning of year	4,646	6,059	39,356	51,326
Increase in cash and cash equivalents resulting from merger	-	-	-	-
Cash and cash equivalents at end of year	¥ 3,961	¥ 4,646	\$ 33,554	\$ 39,356

IWATSU ELECTRIC CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2007 AND 2006

Segment information

The Company's primary businesses are the manufacturing and sales of (1) telecommunications equipment, (2) electric measuring equipment and (3) reprographic equipment.

A summary of net sales, costs and expenses and operating income by business segment for the years ended March 31, 2007 and 2006 was as follows:

	Millions of yen					
	Telecommunications equipment	Electric measuring equipment	Reprographic equipment	Total	Elimination or corporate	Consolidated
For the year ended March 31, 2007:						
Net sales:						
Outside customers	¥ 24,650	¥ 7,602	¥ 4,917	¥ 37,169	¥ -	¥ 37,169
Inter-segment	94	-	-	94	(94)	-
total	<u>24,744</u>	<u>7,602</u>	<u>4,917</u>	<u>37,263</u>	<u>(94)</u>	<u>37,169</u>
Costs and expenses	26,357	7,352	3,811	37,520	(93)	37,427
Operating income (loss)	<u>¥ (1,613)</u>	<u>¥ 250</u>	<u>¥ 1,106</u>	<u>¥ (257)</u>	<u>¥ (1)</u>	<u>¥ (258)</u>
Identifiable assets	¥ 20,140	¥ 4,976	¥ 3,451	¥ 28,567	¥ 4,088	¥ 32,655
Depreciation	1,558	135	177	1,870	-	1,870
Capital expenditures	1,465	99	189	1,753	-	1,753
For the year ended March 31, 2006:						
Net sales:						
Outside customers	¥ 26,897	¥ 8,286	¥ 4,384	¥ 39,567	¥ -	¥ 39,567
Inter-segment	237	-	-	237	(237)	-
total	<u>27,134</u>	<u>8,286</u>	<u>4,384</u>	<u>39,804</u>	<u>(237)</u>	<u>39,567</u>
Costs and expenses	28,152	8,089	3,564	39,805	(236)	39,569
Operating income	<u>¥ (1,018)</u>	<u>¥ 197</u>	<u>¥ 820</u>	<u>¥ (1)</u>	<u>¥ (1)</u>	<u>¥ (2)</u>
Identifiable assets	¥ 21,191	¥ 5,175	¥ 2,947	¥ 29,313	¥ 5,632	¥ 34,945
Depreciation	1,529	246	155	1,930	-	1,930
Capital expenditures	2,304	323	213	2,840	-	2,840

IWATSU ELECTRIC CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2007 AND 2006

	Thousands of U.S. dollars					
	Telecommunications equipment	Electric measuring equipment	Reprographic equipment	Total	Elimination or corporate	Consolidated
For the year ended March 31, 2007:						
Net sales:						
Outside customers	\$ 208,810	\$ 64,396	\$ 41,652	\$ 314,858	\$ -	\$ 314,858
Inter-segment	796	-	-	796	(796)	-
total	209,606	64,396	41,652	315,654	(796)	314,858
Costs and expenses	223,270	62,278	32,283	317,831	(787)	317,044
Operating income (loss)	<u>\$ (13,664)</u>	<u>\$ 2,118</u>	<u>\$ 9,369</u>	<u>\$ (2,177)</u>	<u>\$ (9)</u>	<u>\$ (2,186)</u>
Identifiable assets	\$ 170,606	\$ 42,152	\$ 29,233	\$ 241,991	\$ 34,629	\$ 276,620
Depreciation	13,198	1,144	1,499	15,841	-	15,841
Capital expenditures	12,410	839	1,601	14,850	-	14,850
For the year ended March 31, 2006:						
Net sales:						
Outside customers	\$ 227,844	\$ 70,191	\$ 37,137	\$ 335,172	\$ -	\$ 335,172
Inter-segment	2,007	-	-	2,007	(2,007)	-
total	229,851	70,191	37,137	337,179	(2,007)	335,172
Costs and expenses	238,475	68,522	30,191	337,188	(1,999)	335,189
Operating income	<u>\$ (8,624)</u>	<u>\$ 1,669</u>	<u>\$ 6,946</u>	<u>\$ (9)</u>	<u>\$ (8)</u>	<u>\$ (17)</u>
Identifiable assets	\$ 179,509	\$ 43,837	\$ 24,964	\$ 248,310	\$ 47,709	\$ 296,019
Depreciation	12,952	2,084	1,313	16,349	-	16,349
Capital expenditures	19,518	2,736	1,804	24,058	-	24,058

Eliminations of assets include corporate assets that were principally cash, time deposits, investment in securities and certain other assets of the Administration division.

The corporate assets as of March 31, 2007 and 2006 were ¥4,088 million (U.S.\$34,629thousand) and ¥5,632(U.S.\$47,709thousand),respectively.

IWATSU ELECTRIC CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2007 AND 2006

A summary of net sales, costs and expenses, operating income (loss) and identifiable assets by geographic area for the years ended March 31, 2007 and 2006 is as follows:

	Millions of yen					
	Japan	North America	Asia	Total	Elimination or corporate	Consolidated
For the year ended March 31, 2007:						
Net sales:						
Outside customers	¥ 34,470	¥ 2,668	¥ 31	¥ 37,169	¥ -	¥ 37,169
Inter-segment	1,173	10	1,904	3,087	(3,087)	-
total	<u>35,643</u>	<u>2,678</u>	<u>1,935</u>	<u>40,256</u>	<u>(3,087)</u>	<u>37,169</u>
Costs and expenses	35,687	2,900	1,988	40,575	(3,148)	37,427
Operating income(loss)	<u>¥ (44)</u>	<u>¥ (222)</u>	<u>¥ (53)</u>	<u>¥ (319)</u>	<u>¥ 61</u>	<u>¥ (258)</u>
Identifiable assets	¥ 28,959	¥ 1,315	¥ 1,309	¥ 31,583	¥ 1,072	¥ 32,655
For the year ended March 31, 2006:						
Net sales:						
Outside customers	¥ 36,682	¥ 2,866	¥ 19	¥ 39,567	¥ -	¥ 39,567
Inter-segment	1,055	15	2,262	3,332	(3,332)	-
total	<u>37,737</u>	<u>2,881</u>	<u>2,281</u>	<u>42,899</u>	<u>(3,332)</u>	<u>39,567</u>
Costs and expenses	37,774	2,866	2,267	42,907	(3,338)	39,569
Operating income(loss)	<u>¥ (37)</u>	<u>¥ 15</u>	<u>¥ 14</u>	<u>¥ (8)</u>	<u>¥ 6</u>	<u>¥ (2)</u>
Identifiable assets	¥ 29,597	¥ 1,526	¥ 1,405	¥ 32,528	¥ 2,417	¥ 34,945

	Thousands of U.S. dollars					
	Japan	North America	Asia	Total	Elimination or corporate	Consolidated
For the year ended March 31, 2007:						
Net sales:						
Outside customers	\$ 291,995	\$ 22,600	\$ 263	\$ 314,858	\$ -	\$ 314,858
Inter-segment	9,936	85	16,129	26,150	(26,150)	-
total	<u>301,931</u>	<u>22,685</u>	<u>16,392</u>	<u>341,008</u>	<u>(26,150)</u>	<u>314,858</u>
Costs and expenses	302,304	24,566	16,841	343,711	(26,667)	317,044
Operating income(loss)	<u>\$ (373)</u>	<u>\$ (1,881)</u>	<u>\$ (449)</u>	<u>\$ (2,703)</u>	<u>\$ 517</u>	<u>\$ (2,186)</u>
Identifiable assets	\$ 245,311	\$ 11,139	\$ 11,089	\$ 267,539	\$ 9,081	\$ 276,620
For the year ended March 31, 2006:						
Net sales:						
Outside customers	\$ 310,733	\$ 24,278	\$ 161	\$ 335,172	\$ -	\$ 335,172
Inter-segment	8,937	127	19,161	28,225	(28,225)	-
total	<u>319,670</u>	<u>24,405</u>	<u>19,322</u>	<u>363,397</u>	<u>(28,225)</u>	<u>335,172</u>
Costs and expenses	319,983	24,278	19,204	363,465	(28,276)	335,189
Operating income(loss)	<u>\$ (313)</u>	<u>\$ 127</u>	<u>\$ 118</u>	<u>\$ (68)</u>	<u>\$ 51</u>	<u>\$ (17)</u>
Identifiable assets	\$ 250,716	\$ 12,927	\$ 11,902	\$ 275,545	\$ 20,474	\$ 296,019

Eliminations of assets include corporate assets that were principally cash, time deposits, investment in securities and certain other assets of the Administration division.

The corporate assets as of March 31, 2007 and 2006 were ¥4,088 million (U.S.\$34,629thousand) and ¥5,632(U.S.\$47,709thousand),respectively.

IWATSU ELECTRIC CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2007 AND 2006

Overseas net sales by the Company and consolidated subsidiaries for the years ended March 31, 2007 and 2006 were as follows:

	Millions of yen			
	North America	Asia	Other Areas	Total
For the year ended March 31, 2007:				
Overseas net sales	¥ 3,430	¥ 1,493	¥ 127	¥ 5,050
Consolidated net sales	-	-	-	37,169
Ratios of overseas net sales to consolidated net sales	9.2%	4.0%	0.3%	13.5%
For the year ended March 31, 2006:				
Overseas net sales	¥ 4,515	¥ 1,466	¥ 231	¥ 6,212
Consolidated net sales	-	-	-	39,567
Ratios of overseas net sales to consolidated net sales	11.4%	3.7%	0.6%	15.7%

	Thousands of U.S. dollars			
	North America	Asia	Other Areas	Total
For the year ended March 31, 2007:				
Overseas net sales	\$ 29,055	\$ 12,647	\$ 1,076	\$ 42,778
Consolidated net sales	-	-	-	314,858
Ratios of overseas net sales to consolidated net sales	9.2%	4.0%	0.3%	13.5%
For the year ended March 31, 2006:				
Overseas net sales	\$ 38,247	\$ 12,418	\$ 1,957	\$ 52,622
Consolidated net sales	-	-	-	335,172
Ratios of overseas net sales to consolidated net sales	11.4%	3.7%	0.6%	15.7%