

For the Fiscal Year Ended March 31, 2015

Annual Select[®] 2015

HISAKA WORKS, LTD.

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530-0057 JAPAN

(Securities Code: 6247)

+81-6-6363-0006

Corporate Profile

HISAKA that upholds company precept “Sincerity (*magokoro*)” as a fundamental principle is a specialist manufacturer of plate type heat exchangers, food, pharmaceutical sterilizers, dyeing & finishing machines, and ball valves. We and our products offer strong support to all industrial fields including energy source, environment, food, pharmaceuticals, housing and clothing, by providing highest efficiency of utilization of heat energy, improved safety and easiness to take food and pharmaceuticals, excellent dyeing of textile products and industrial materials, as well as fluids control of various solutions. All our products are designed and manufactured with very keen interests in the highest energy efficiency and environmental conservation to contribute to the society.

In today’s world where needs are becoming increasingly diverse and sophisticated with the changing times, we strive to make maximum use of our reliable ISO9001-certified quality control system, and cutting-edge equipment and machinery in all aspects of our original integrated work operations throughout development, design, manufacturing and sales based on our “Control Technology of Thermal Energy” and “Stainless Steel Processing Technology.” While proactively developing new technologies and products, we deliver “Comfort,” “Safety” and “Convenience” to the everyday life of the people of this world.



I. Summary of Selected Financial Data (Consolidated)

	82 nd term Fiscal year ended March 31, 2011	83 rd term Fiscal year ended March 31, 2012	84 th term Fiscal year ended March 31, 2013	85 th term Fiscal year ended March 31, 2014	86 th term Fiscal year ended March 31, 2015
Net sales (Thousands of yen)	–	23,368,391	23,699,849	23,181,831	24,398,033
Ordinary income (Thousands of yen)	–	2,568,753	2,549,446	2,268,720	1,831,563
Net income (Thousands of yen)	–	1,395,559	1,721,991	1,480,876	1,313,871
Comprehensive income (Thousands of yen)	–	691,982	2,805,189	4,163,273	5,607,523
Net assets (Thousands of yen)	–	41,612,376	43,164,265	45,985,474	50,963,454
Total assets (Thousands of yen)	–	50,830,969	50,657,502	55,129,585	63,252,865
Net assets per share (Yen)	–	1,305.43	1,398.02	1,539.75	1,706.50
Net income per share (Yen)	–	43.04	54.62	48.50	44.01
Diluted net income per share (Yen)	–	–	–	–	–
Equity ratio (%)	–	81.8	85.2	83.4	80.5
Return on equity (ROE) (%)	–	3.3	4.1	3.3	2.7
Price earnings ratio (PER) (Times)	–	21.24	16.17	20.60	23.86
Net cash provided by (used in) operating activities (Thousands of yen)	–	2,901,040	740,302	3,391,781	1,885,340
Net cash provided by (used in) investing activities (Thousands of yen)	–	1,177,229	455,434	(2,794,047)	364,412
Net cash provided by (used in) financing activities (Thousands of yen)	–	(1,153,527)	(1,310,005)	(1,556,107)	(522,661)
Cash and cash equivalents at end of period (Thousands of yen)	–	7,590,291	8,222,978	7,351,900	9,129,519
Number of employees (Persons)	–	487	577	590	619

- Notes: 1. The Company first prepared consolidated financial statements for the 83rd term, and thus figures for the 82nd term are not provided.
2. Net sales do not include consumption taxes.
3. Diluted net income per share is not provided since there are no potential shares.

II. Annual Report



In the fiscal year ended March 31, 2015, the global economy recovered at a moderate pace, despite some negative factors. In the U.S., growth was supported by an upturn in corporate earnings, stronger consumer spending and an improving employment environment. In Japan, a pullback in consumer spending after a temporary rise in demand before the consumption tax increase last year weighed on the economy, but there were signs of a moderate upturn as corporate earnings improved and capital investment picked up.

Against this backdrop, the industrial machinery sector – the HISAKA Group’s main operating field – saw a recovery in replacement demand across a wide range of industries and the number of overseas projects increased due to the weak yen. These and other factors supported a year-on-year increase in net orders received in the Group’s three main business segments.

Net sales recovered in the Heat Exchanger Division, Valve Division and the Other segment, and although net sales fell year on year in the Vital Industry Division, the decline was within our expectations.

As a result, consolidated net orders received increased 10.0% year on year to ¥25,391 million and consolidated net sales rose 5.2% to ¥24,398 million.

In terms of profits, consolidated operating income declined 23.7% year on year to ¥1,342 million and consolidated ordinary income fell 19.3% to ¥1,831 million, reflecting higher material costs and an insufficient rebound in product prices from the level when the yen was strong. Profitability was also affected by large projects with low profitability that were taken on as part of the Group’s sales strategy. Consolidated net income declined 11.3% year on year to ¥1,313 million, which included the recording of extraordinary income such as gain on redemption of securities.

For the fiscal year ending March 31, 2016, the Group forecasts consolidated net orders received of ¥27,000 million, consolidated net sales of ¥25,000 million, consolidated operating income of ¥1,450 million, consolidated ordinary income of ¥1,750 million and consolidated net income of ¥1,170 million.

We look forward to your continued support and encouragement.

Yuichi Maeda, President
June 2015

III. Management Challenges

The HISAKA Group formulates a medium-term management plan every three years and pursues business strategies according to this plan. Under the medium-term management plan “G-14” started from April 2014, we defined the guidelines for action by establishing our company precept “Sincerity (*magokoro*)” as our vision and “Challenge for Innovation” as our slogan, and we set the goal of achieving consolidated net sales of ¥32,000 million and consolidated operating income of ¥3,200 million in the plan’s final fiscal year (ending March 31, 2017).

We shall pursue the following business strategies as the priority challenges of the medium-term plan “G-14.”

- (1) Create an operating structure that is resilient to fluctuations in the economy through qualitative improvements such as reinforcing human resources to strengthen the business base and the organization.
- (2) Invest aggressively (personnel training, research and development, production equipment, IT, workplace improvement, etc.) to realize sustainable company management and strategies for further growth.
- (3) Analyze the business environment thoroughly, and make swift judgments to identify the HISAKA Group’s core competencies through a process of selection and concentration, and expand the business and enter new fields by taking account of mergers and acquisitions.
- (4) Strengthen cooperative relationships with overseas subsidiaries and other alliance partners to extract maximum synergies to promote globalization.
- (5) Carry out measures concerning maintenance of a sound financial position; labor-management cooperation; rigorous compliance, enhancement of the CSR system and important matters concerning BCP (Business Continuity Plan).

IV. Segment Information

(Amounts indicate those before elimination of intersegment transactions.)

1. Heat Exchanger Division

Net orders received were solid overall. In Japan, demand recovered across a wide range of sectors, including the chemical, air-conditioning, marine, and machinery and metals sectors – the Group’s main markets. Maintenance orders from the power generation sector also increased. Overseas, the Group secured major orders for FLNG and petrochemical projects.

Net sales increased year on year amid the favorable order environment. However, the order backlog increased, as some major orders will be booked as sales in the next fiscal year.

The segment’s profitability deteriorated year on year, as the increase in materials costs was not fully passed on to product prices and the sales ratio for high-margin projects declined.

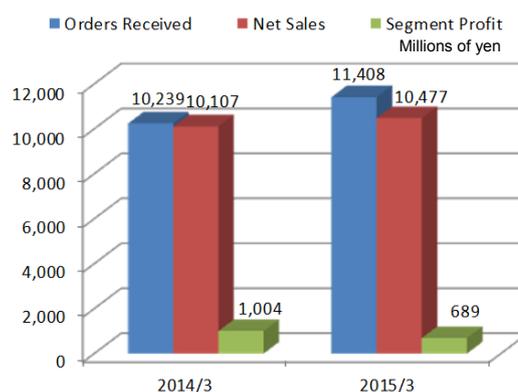
As a result of the above, in the Heat Exchanger Division, net orders received were ¥11,408 million (up 11.4% year on year), net sales were ¥10,477 million (up 3.7%) and segment profit was ¥689 million (down 31.4%).



Plate Heat Exchanger



Braze Plate Heat Exchanger



2. Vital Industry Division

Net orders received were largely firm. Orders for Dyeing & Finishing Machinery declined in Japan and China, but this was offset by higher orders for retort sterilisation equipment in Food Machinery amid growing demand for easy-to-make, convenient processed food, and by large orders for infusion and pharmaceutical manufacturing plants and Chinese herbal medicine manufacturing plants in Pharmaceutical Machinery.

Although sales in Dyeing & Finishing Machinery increased due to factors related to the order backlog, net sales overall in the segment declined slightly year on year, as many orders in Food Machinery and Pharmaceutical Machinery are scheduled for delivery in the next fiscal year.

Segment profits declined year on year, mainly reflecting the drop in net sales and low profitability on a number of projects related to newly developed products.

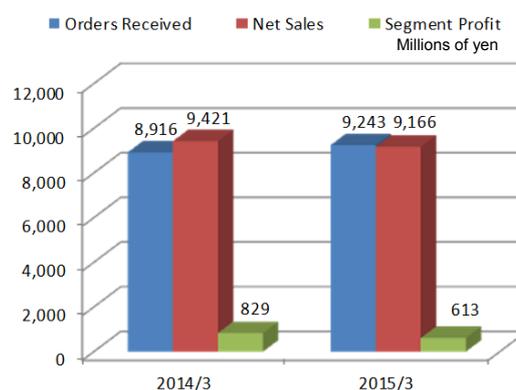
As a result of the above, in the Vital Industry Division, net orders received were ¥9,243 million (up 3.7% year on year), net sales were ¥9,166 million (down 2.7%) and segment profit was ¥613 million (down 26.0%).



Retort Sterilisation Equipment



Liquid Dyeing Machine



3. Valve Division

Net orders received recovered from a bottom in the previous fiscal year. This reflected a modest pickup in capital investment in the petrochemical and steel sectors – two major markets in Japan – and stepped up sales efforts and sales agent support that targeted users in three strategic fields (steel, power generation & energy, and the environment) and leading petrochemical companies.

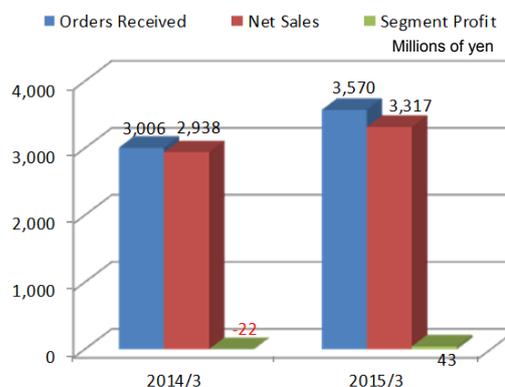
Net sales increased year on year due to an improvement in the order environment, with the growth in sales helping the segment return to profit.

As a result of the above, in the Valve Division, net orders received were ¥3,570 million (up 18.8% year on year), net sales were ¥3,317 million (up 12.9%) and segment profit was ¥43 million (compared with segment loss of ¥22 million in the previous fiscal year).



Ytype 3way Ball Valve

Duax® Ball Valve



4. Other

The Other segment is comprised of subsidiary business operations in Japan and overseas and a power generation business.

In overseas subsidiaries, we invested aggressively during the fiscal year under review. We installed a new press line in Malaysia in order to boost competitiveness in the ASEAN region, which offers good prospects for growth, and we made the decision to acquire NAKAGAWA ENGINEERING CONSULTANTS (SHANGHAI) CO., LTD., which has a sales network for herbal medicine market in China.

There were some positive signs during the fiscal year under review, including a boost to sales from a major plant engineering project for milk beverages at a domestic subsidiary, but the Other segment continued to struggle overall due to persistent losses at subsidiaries in China amid weak sales.

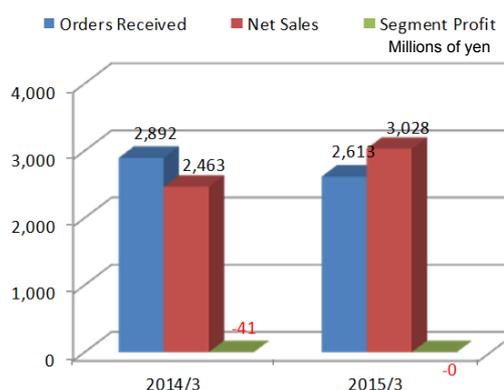
As a result of the above, in the Other segment, net orders received were ¥2,613 million (down 9.7% year on year), net sales were ¥3,028 million (up 23.0%) and segment loss was ¥0 million (compared with segment loss of ¥41 million in the previous fiscal year).



Super Hygienic Valve



Solar Power Generation



V. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	7,456,727	9,237,357
Notes and accounts receivable - trade	7,985,966	8,628,723
Securities	1,003,297	1,002,896
Merchandise and finished goods	1,687,121	1,884,515
Work in process	1,145,355	1,764,976
Raw materials and supplies	645,122	1,101,721
Deferred tax assets	532,956	501,329
Other	2,073,139	1,136,248
Allowance for doubtful accounts	(2,714)	(3,038)
Total current assets	22,526,972	25,254,728
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,848,579	14,264,023
Accumulated depreciation	(5,861,252)	(6,403,239)
Buildings and structures, net	7,987,326	7,860,784
Machinery, equipment and vehicles	9,254,189	9,622,047
Accumulated depreciation	(7,215,577)	(7,554,445)
Machinery, equipment and vehicles, net	2,038,612	2,067,601
Land	1,896,076	1,917,145
Other	3,811,868	3,478,549
Accumulated depreciation	(3,212,642)	(3,304,890)
Other, net	599,225	173,658
Total property, plant and equipment	12,521,241	12,019,189
Intangible assets		
Software	150,238	158,516
Other	123,442	116,981
Total intangible assets	273,681	275,497
Investments and other assets		
Investment securities	18,201,979	22,628,658
Long-term loans receivable	640,000	580,000
Net defined benefit asset	224,643	1,546,082
Other	1,333,504	1,541,356
Allowance for doubtful accounts	(592,436)	(592,648)
Total investments and other assets	19,807,690	25,703,450
Total non-current assets	32,602,612	37,998,137
Total assets	55,129,585	63,252,865

(Thousands of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,319,096	5,379,109
Short-term loans payable	–	90,000
Income taxes payable	245,289	100,337
Provision for product warranties	168,367	213,732
Provision for bonuses	448,300	467,347
Other	1,450,955	1,572,322
Total current liabilities	6,632,008	7,822,848
Non-current liabilities		
Deferred tax liabilities	2,490,412	4,402,860
Net defined benefit liability	–	56,387
Other	21,690	7,314
Total non-current liabilities	2,512,103	4,466,562
Total liabilities	9,144,111	12,289,411
Net assets		
Shareholders' equity		
Capital stock	4,150,000	4,150,000
Capital surplus	8,814,450	8,814,450
Retained earnings	29,802,288	30,488,470
Treasury shares	(2,404,724)	(2,406,578)
Total shareholders' equity	40,362,014	41,046,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,946,349	8,867,164
Deferred gains or losses on hedges	(8,511)	(5,621)
Foreign currency translation adjustment	474,573	478,259
Remeasurements of defined benefit plans	199,580	563,478
Total accumulated other comprehensive income	5,611,992	9,903,281
Minority interests	11,467	13,830
Total net assets	45,985,474	50,963,454
Total liabilities and net assets	55,129,585	63,252,865

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**

(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	23,181,831	24,398,033
Cost of sales	17,892,697	19,453,843
Gross profit	5,289,134	4,944,189
Selling, general and administrative expenses	3,531,212	3,602,016
Operating income	1,757,921	1,342,172
Non-operating income		
Interest income	147,121	92,531
Dividend income	171,640	220,408
Share of profit of entities accounted for using equity method	8,838	–
Foreign exchange gains	158,192	165,149
Other	31,646	32,649
Total non-operating income	517,439	510,738
Non-operating expenses		
Interest expenses	2,528	932
Sales discounts	–	2,363
Loss on sales of notes payable	2,691	5,016
Commission for purchase of treasury shares	969	–
Share of loss of entities accounted for using equity method	–	12,033
Other	451	1,002
Total non-operating expenses	6,640	21,347
Ordinary income	2,268,720	1,831,563
Extraordinary income		
Gain on sales of non-current assets	–	987
Gain on sales of securities	163,324	–
Gain on redemption of securities	292,950	168,150
Total extraordinary income	456,274	169,137
Extraordinary losses		
Loss on sales and retirement of non-current assets	6,083	9,118
Total extraordinary losses	6,083	9,118
Income before income taxes and minority interests	2,718,910	1,991,583
Income taxes - current	460,386	340,860
Income taxes - deferred	778,442	334,488
Total income taxes	1,238,829	675,349
Income before minority interests	1,480,081	1,316,233
Minority interests in income (loss)	(795)	2,362
Net income	1,480,876	1,313,871

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income before minority interests	1,480,081	1,316,233
Other comprehensive income		
Valuation difference on available-for-sale securities	2,502,280	3,920,815
Deferred gains or losses on hedges	15,531	2,889
Foreign currency translation adjustment	166,283	7,287
Remeasurements of defined benefit plans, net of tax	–	363,898
Share of other comprehensive income of entities accounted for using equity method	(903)	(3,601)
Total other comprehensive income	2,683,191	4,291,289
Comprehensive income	4,163,273	5,607,523
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,164,068	5,605,160
Comprehensive income attributable to minority interests	(795)	2,362

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2014

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,150,000	8,814,450	28,938,714	(1,480,382)	40,422,782
Cumulative effects of changes in accounting policies					—
Restated balance	4,150,000	8,814,450	28,938,714	(1,480,382)	40,422,782
Changes of items during period					
Dividends of surplus			(617,302)		(617,302)
Net income			1,480,876		1,480,876
Purchase of treasury shares				(924,342)	(924,342)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	863,574	(924,342)	(60,768)
Balance at end of current period	4,150,000	8,814,450	29,802,288	(2,404,724)	40,362,014

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,444,069	(24,042)	309,193	—	2,729,220	12,263	43,164,265
Cumulative effects of changes in accounting policies					—		—
Restated balance	2,444,069	(24,042)	309,193	—	2,729,220	12,263	43,164,265
Changes of items during period							
Dividends of surplus							(617,302)
Net income							1,480,876
Purchase of treasury shares							(924,342)
Net changes of items other than shareholders' equity	2,502,280	15,531	165,379	199,580	2,882,771	(795)	2,881,976
Total changes of items during period	2,502,280	15,531	165,379	199,580	2,882,771	(795)	2,821,208
Balance at end of current period	4,946,349	(8,511)	474,573	199,580	5,611,992	11,467	45,985,474

Fiscal year ended March 31, 2015

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,150,000	8,814,450	29,802,288	(2,404,724)	40,362,014
Cumulative effects of changes in accounting policies			(30,541)		(30,541)
Restated balance	4,150,000	8,814,450	29,771,746	(2,404,724)	40,331,472
Changes of items during period					
Dividends of surplus			(597,147)		(597,147)
Net income			1,313,871		1,313,871
Purchase of treasury shares				(1,853)	(1,853)
Net changes of items other than shareholders' equity					
Total changes of items during period			716,723	(1,853)	714,869
Balance at end of current period	4,150,000	8,814,450	30,488,470	(2,406,578)	41,046,342

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,946,349	(8,511)	474,573	199,580	5,611,992	11,467	45,985,474
Cumulative effects of changes in accounting policies							(30,541)
Restated balance	4,946,349	(8,511)	474,573	199,580	5,611,992	11,467	45,954,932
Changes of items during period							
Dividends of surplus							(597,147)
Net income							1,313,871
Purchase of treasury shares							(1,853)
Net changes of items other than shareholders' equity	3,920,815	2,889	3,686	363,898	4,291,289	2,362	4,293,652
Total changes of items during period	3,920,815	2,889	3,686	363,898	4,291,289	2,362	5,008,522
Balance at end of current period	8,867,164	(5,621)	478,259	563,478	9,903,281	13,830	50,963,454

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	2,718,910	1,991,583
Depreciation	1,126,336	1,118,503
Increase (decrease) in allowance for doubtful accounts	4,984	536
Increase (decrease) in provision for product warranties	71,839	45,365
Increase (decrease) in provision for bonuses	(6,400)	19,047
Increase (decrease) in provision for retirement benefits	(308,971)	–
Decrease (increase) in net defined benefit asset	(224,643)	(843,380)
Increase (decrease) in net defined benefit liability	–	56,387
Interest and dividend income	(318,761)	(312,939)
Interest expenses	2,528	932
Foreign exchange losses (gains)	(166,801)	(119,425)
Share of (profit) loss of entities accounted for using equity method	(8,838)	12,033
Loss (gain) on sales of securities	(163,324)	–
Loss (gain) on redemption of securities	(292,950)	(168,150)
Loss (gain) on sales and retirement of non-current assets	6,083	8,130
Decrease (increase) in notes and accounts receivable - trade	1,014,074	(611,364)
Decrease (increase) in inventories	767,244	(1,256,294)
Increase (decrease) in notes and accounts payable - trade	(573,683)	1,052,537
Increase (decrease) in advances received	(97,788)	235,459
Increase (decrease) in accrued consumption taxes	(74,842)	(9,251)
Decrease (increase) in accounts receivable - other	(1,003,707)	870,555
Other, net	433,693	(47,518)
Subtotal	2,904,983	2,042,746
Interest and dividend income received	323,438	318,535
Interest expenses paid	(2,528)	(932)
Income taxes (paid) refund	165,888	(475,009)
Net cash provided by (used in) operating activities	3,391,781	1,885,340

(Thousands of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash flows from investing activities		
Payments into time deposits	(107,018)	(103,619)
Proceeds from withdrawal of time deposits	104,826	103,009
Payments into long-term time deposits	(400,000)	–
Purchase of non-current assets	(870,422)	(705,340)
Proceeds from sales of non-current assets	–	29,095
Purchase of investment securities	(4,922,722)	(1,001,810)
Proceeds from sales of investment securities	3,353,144	2,100,000
Purchase of shares of subsidiaries and associates	(28,073)	–
Decrease (increase) in short-term loans receivable	(64,000)	71,220
Collection of long-term loans receivable	2,374	60,000
Purchase of insurance funds	(7,600)	(263,087)
Proceeds from cancellation of insurance funds	84,090	164,527
Other, net	61,353	(89,581)
Net cash provided by (used in) investing activities	(2,794,047)	364,412
Cash flows from financing activities		
Increase in short-term loans payable	–	90,000
Repayments of lease obligations	(14,065)	(14,960)
Purchase of treasury shares	(925,311)	(1,853)
Cash dividends paid	(616,730)	(595,846)
Net cash provided by (used in) financing activities	(1,556,107)	(522,661)
Effect of exchange rate change on cash and cash equivalents	87,296	50,528
Net increase (decrease) in cash and cash equivalents	(871,078)	1,777,619
Cash and cash equivalents at beginning of period	8,222,978	7,351,900
Cash and cash equivalents at end of period	7,351,900	9,129,519

VI. Corporate Data

Basic Information (as of March 31, 2015)

Trade name:	HISAKA WORKS, LTD.
Established:	May 5, 1942
Listed market:	The First Section of Tokyo Stock Exchange (Securities Code: 6247)
Listed:	November 1971
Business year:	From April 1 to March 31 of the following year
Capital stock:	4,150 million yen
Number of employees:	619 persons (Consolidated)
Head office:	2-12-7 Sonezaki, Kita-ku, Osaka City, Osaka
Telephone:	+81-6-6363-0006
Consolidated subsidiaries:	MICROZERO CO., LTD. [JAPAN] HISAKAWORKS S.E.A. SDN. BHD. [MALAYSIA] HISAKA WORKS (CHINA) CO., LTD. [CHINA]
Website Address:	http://www.hisaka.co.jp/english/

The global network of the HISAKA Group is as follows:



Directors and Corporate Auditors (as of June 26, 2015)

President:	Yuichi Maeda	Director:	Tetsuya Inoue
Senior Executive Director:	Shozo Terada	Director (Outside):	Tatsuji Tomiyasu
Executive Director:	Kaoru Nakazaki	Director (Outside):	Sachie Kato
Executive Director:	Junichi Nakamura	Auditor (Full Time):	Takuo Yamada
Director:	Hitoshi Iwamoto	Auditor (Outside):	Hitoshi Tanaka
Director:	Yoshikazu Takeshita	Auditor (Outside):	Tatsuo Hirai
Director:	Toshiyuki Funakoshi		

Accounting Auditor (as of June 26, 2015)

Grant Thornton Taiyo LLC

Stock Status (as of March 31, 2015)

Total number of shares authorized:	129,020,000 shares
Total number of shares issued:	32,732,800 shares
Number of shareholders:	3,015

Major shareholders (Top 10)

Shareholder name	Number of shares held (Shares)	Share-holding ratio (%)
Nisshin Steel Co., Ltd.	2,903,264	8.86
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,184,300	3.61
Nippon Life Insurance Company	960,770	2.93
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	912,640	2.78
INABA DENKI SANGYO CO., LTD.	910,802	2.78
Japan Trustee Services Bank, Ltd. (Trust Account)	755,200	2.30
Juniper (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	746,000	2.27
TAKUMA CO., LTD.	642,000	1.96
Mizuho Bank, Ltd.	612,640	1.87
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	610,600	1.86

* Excluding treasury shares.

VII. Environment

HISAKA WORKS, LTD. obtained ISO14001 certification in December 2007.

Accordingly, we intend to grow as a company able to inspire even more peace of mind and trust among its customers and an “enterprise that contributes to the Earth’s environment through its business activities, products and services.”

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* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.