

CONSOLIDATED FINANCIAL STATEMENTS
TAMURA CORPORATION
MARCH 31, 2001 AND 2000

TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31,		March 31,
	2001	2000	2001
ASSETS			
Current Assets:			
Cash and time deposits (Note 12)	¥ 13,746	¥ 14,471	\$ 110,855
Securities in the current portfolio (Note 2 and 12)	4,932	7,183	39,774
Notes and accounts receivable-trade:			
Non-consolidated subsidiaries			
(and an affiliate)	995	1,885	8,024
Other	24,600	23,525	198,387
Allowance for doubtful accounts	(43)	(132)	(346)
	25,552	25,278	206,065
Inventories (Note 3)	11,259	9,330	90,798
Deferred tax assets (Note 6)	717	561	5,782
Other current assets	3,615	1,204	29,153
Total current assets	59,821	58,027	482,427
Investments and Other Assets:			
Securities in the non-current portfolio (Note 2)	9,625	9,688	77,621
Investments in non-consolidated subsidiaries			
(and an affiliate)	513	576	4,137
Deferred tax assets (Note 6)	1,562	553	12,597
Other assets	2,000	2,244	16,129
Total investments and other assets	13,700	13,061	110,484
Property, Plant and Equipment (Note 4):			
Land	6,445	6,432	51,976
Buildings and structures	13,264	13,052	106,968
Machinery and equipment	22,053	24,366	177,846
Construction in progress	198	144	1,597
	41,960	43,994	338,387
Accumulated depreciation	(23,798)	(26,165)	(191,919)
Net property, plant and equipment	18,162	17,829	146,468
Translation adjustments			
	-	2,469	-
Total assets	¥ 91,683	¥ 91,386	\$ 739,379

The accompanying Notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31,		March 31,
	2001	2000	2001
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Short-term loans (Note 4)	¥ 6,681	¥ 5,548	\$ 53,879
Current portion of long-term debt (Note 4)	10,372	5,485	83,645
Notes and accounts payable-trade:			
Non-consolidated subsidiaries	138	480	1,113
Other (and an affiliate)	12,084	12,302	97,452
	<u>12,222</u>	<u>23,815</u>	<u>98,565</u>
Accrued income taxes	1,921	1,321	15,492
Deferred tax liabilities (Note 6)	6	-	48
Other current liabilities	4,976	4,746	40,129
Total current liabilities	<u>36,178</u>	<u>29,882</u>	<u>291,758</u>
Long-term Debt (Note 4)	9,676	14,825	78,032
Reserve for retirement benefits (Note 13)	1,542	1,027	12,435
Accrued severance indemnities for directors	489	433	3,944
Deferred tax liabilities (Note 6)	26	78	210
Other Long-term Liabilities	433	492	3,492
Contingent Liabilities (Note 5)			
Minority interest in consolidated subsidiary	92	115	742
Shareholders' Equity:			
Common stock, ¥50 par value per share:	11,829	11,829	95,395
Authorized - 252,000,000 shares (in 2001)			
- 252,859,000 shares (in 2000)			
Issued and outstanding			
- 75,067,736 shares (in 2001)			
- 75,926,736 shares (in 2000)			
Additional paid-in capital	15,341	15,344	123,718
Retained earnings (Note 7)	17,601	17,361	141,943
Translation adjustments	(1,524)	-	(12,290)
Total shareholders' equity	<u>43,247</u>	<u>44,534</u>	<u>348,766</u>
Total liabilities, minority interest in consolidated subsidiaries and shareholders' equity	<u>¥ 91,683</u>	<u>¥ 91,386</u>	<u>\$ 739,379</u>

The accompanying Notes are an integral part of these statements.

TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31,		March 31,
	2001	2000	2001
Net sales(Note 10)	¥ 84,498	¥ 76,859	\$ 681,435
Operating cost and expenses:			
Cost of sales	67,962	62,130	548,081
Selling, general and administrative expenses			
(Note 11)	11,908	10,753	96,032
	79,870	72,883	644,113
Operating income	4,628	3,976	37,322
Other income (expenses):			
Interest and dividend income	295	427	2,379
Interest expenses	(740)	(776)	(5,967)
Gain on sale of securities	810	1,337	6,532
Exchange gain (loss)	1,604	(1,164)	12,936
Write-down of securities	(203)	(33)	(1,637)
Write-off of research and development expenses	(-)	(848)	(-)
Investment profit due to equity method	197	206	1,589
Loss on sales of unconsolidated subsidiary's and affiliate's securities	(724)	(-)	(5,839)
Amortization of initial transition obligation	(3,238)	(-)	(26,113)
Gain on setting up the trust for retirement benefits	1,541	-	12,427
Other, net	(1,020)	(385)	(8,226)
	(1,478)	(1,236)	(11,919)
Income before income taxes	3,150	2,740	25,403
Income taxes (Note 6)			
Current	3,126	1,689	25,210
Deferred	(1,200)	(398)	(9,678)
Minority interest in income of consolidated subsidiary	0	42	0
Net income	1,224	1,407	9,871
Retained earnings:			
At beginning of year	17,361	16,817	140,008
Deferred taxes adjustment amount in past years	-	639	-
Increase arising from the increase of consolidated subsidiaries	-	50	-
Disposal of treasury stock due to profit	(427)	(949)	(3,444)
Cash dividends paid	(452)	(468)	(3,645)
Bonuses to directors and statutory auditors	(105)	(135)	(847)
At end of year	¥ 17,601	¥ 17,361	\$ 141,943
	yen		U.S. dollars
Per share:			
Primary net income	¥16.29	¥18.07	\$0.13
Fully diluted net income	15.22	16.78	0.12
Cash dividends per share	6.00	6.00	0.05

The accompanying Notes are an integral part of these statements.

TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIE

CONSOLIDATED STATEMENT OF CASH FLOWS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31,		March 31,
	2001	2000	2001
Cash flows from operating activities:			
Income before income taxes	¥ 3,150	¥ 2,742	\$ 25,403
Depreciation	2,386	2,454	19,242
Write-off of research and development expenses	-	848	-
Increase in reserve for retirement benefits	570	108	4,597
Increase (decrease) in allowance for doubtful accounts	178	(30)	1,435
Write-down of investments in securities	203	33	1,637
Interest and dividend income	(296)	(427)	(2,387)
Interest expenses	740	776	5,968
Exchange (gain) loss	(1,010)	829	(8,145)
Gain on sale of marketable securities and investments in securities	(810)	(1,337)	(6,532)
Bonuses to directors and statutory auditors	(104)	(135)	(839)
Investment profit due to equity method	(197)	(206)	(1,589)
(Increase) decrease in trade receivable	910	(4,799)	7,339
Increase in inventories	(2,114)	(61)	(17,048)
Increase (decrease) in trade payable	(672)	2,092	(5,419)
Other, net	1,324	949	10,677
	<u>4,258</u>	<u>3,836</u>	<u>34,339</u>
Interest and dividend received	225	434	1,814
Interest paid	(747)	(710)	(6,024)
Income taxes paid	(2,075)	(681)	(16,734)
Net cash provided by operating activities	<u>1,661</u>	<u>2,879</u>	<u>13,395</u>
Cash flows from investing activities:			
Acquisition of tangible fixed assets	(3,753)	(2,130)	(30,266)
Proceeds from sale of tangible fixed assets	885	229	7,137
Increase in investments in securities	(4,086)	(2,606)	(32,951)
Proceeds from sale of investments in securities	6,620	2,102	53,387
Other, net	2,933	669	23,653
Net cash used in investing activities	<u>2,599</u>	<u>(1,736)</u>	<u>20,960</u>
Cash flows from financing activities:			
Increase (decrease) in short-term loans	1,561	(410)	12,589
Proceeds from long-term debt	5,308	145	42,806
Repayment of long-term debt	(5,551)	(946)	(44,766)
Acquisition of treasury stock	(427)	(948)	(3,444)
Cash dividends paid	(452)	(468)	(3,645)
Other, net	(13)	(20)	(105)
Net cash used in financing activities	<u>426</u>	<u>(2,647)</u>	<u>3,435</u>
Effect of exchange rate changes on cash and cash equivalents	189	(126)	1,524
Net decrease in cash and cash equivalents	4,875	(1,630)	39,314
Cash and cash equivalents at beginning of year	13,962	15,218	
Increase in cash and cash equivalents of newly consolidated subsidiaries	-	374	112,597
Decrease in cash and cash equivalents arising from the decrease of consolidated subsidiary	(626)	(-)	(5,048)
Cash and cash equivalents at end of year(Note12)	<u>¥ 18,211</u>	<u>¥ 13,962</u>	<u>\$ 146,863</u>

The accompanying Notes are an integral part of these statements.

TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

(a) Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by Tamura Corporation and its consolidated subsidiaries (the "Companies") in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

The consolidated financial statements are not intended to present the consolidated financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

Amounts in U.S. dollars are included solely for the conveniences of readers outside Japan. The rate of ¥124= U.S.\$1, the rate of exchange on March 31, 2001 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rate.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Tamura Corporation (the "Company") and, with exceptions which are not material, those of its 24 majority owned subsidiaries. All significant inter-company accounts and transactions have been eliminated on consolidation.

Investments in non-consolidated subsidiaries have been carried at cost, since their total assets, net sales and the Company's equity in their net income (loss), or retained earnings, in aggregate, do not have material effects on the consolidated financial statements.

Foreign currency financial statements have been translated into yen at the appropriate year-end current rate except for common stock, capital surplus and certain other inter-company accounts. Translation difference resulting therefrom have been deferred and are reflected in the accompanying consolidated balance sheets as "Translation adjustments".

(c) Financial instruments

Effective from the year ended March 31, 2001, the Company and its consolidated subsidiaries adopted the new Japanese accounting standard for financial instruments, which is effective for periods beginning on or after April 1, 2000. As a result of adoption of the new standard, income before income taxes for the year ended March 31, 2001 has

decreased by ¥196 million (\$1,581 thousand), as compared with the amount which would have been reported if the previous standard had been applied consistently.

(1) Derivatives

Under the new standard, all derivatives are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise, except for derivatives that are designated as “hedging instruments” (see (3) Hedge accounting below).

(2) Securities

Securities held by the Company and its consolidated subsidiaries are, under the new standard, classified as follows;

Other securities for which market quotations are available are stated at moving average cost, except as stated in the paragraph below.

Other securities for which market quotations are unavailable are stated moving average cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by non-consolidated subsidiaries, or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

Under the new standard, debt securities due within one year are presented as “current” and all the other securities are presented as “non-current”. The securities held by the Companies have been reclassified as of April 1, 2000 (the beginning of year). As a result of such reclassification, the securities in the current portfolio have decreased by ¥3,424 million (\$27,613 thousand) and the securities in the non-current portfolio have increased by the same amount.

(3) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as “hedging instruments” are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Companies are principally interest swaps and forward exchange contracts. The related hedged items are trade accounts payable and long-term bank loan.

The Companies have a policy to utilize the above hedging instruments in order to reduce the Companies’ exposure to the risk of exchange rate and interest rate fluctuation. Thus, the Companies’ purchases of the hedging instruments are limited to, at maximum, the amount of the hedged items.

The Companies evaluate effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(d) Allowance for doubtful accounts

Allowance for doubtful accounts is provided principally at an estimated amount of uncollectible receivable at the balance sheet date plus the maximum amount permitted to

be charged to income.

(e)Inventories

Inventories are stated at cost, the cost of finished goods and work-in process being principally determined by the retail method and the cost of other inventories being determined by the latest purchase cost method.

(f)Property, plant and equipment, and depreciation

Property, plant and equipment, including significant renewals and additions, are stated at cost and have been principally depreciated by the declining-balance method at rates based on the estimated useful lives of the assets. Repairs and maintenance expenses are charged to income as incurred.

(g)Reserve for retirement benefits

Effective from the year ended March 31, 2001, the Companies adopted the new Japanese accounting standard for retirement benefits, which is effective for periods beginning on or after April 1, 2000. In accordance with the new standard, the reserve for retirement benefits as of March 31, 2001 represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets except that, as permitted under the new standard, the transitional liability arising from adoption of the new standard of ¥5,202 million (\$41,952 thousand) as at April 1, 2000 is not recognized. A part of this amount (¥2,740 million (\$22,097 thousand)) is amortized by setting up the trust which is used only for retirement benefits. The rest of this (¥2,462 million (\$19,855 thousand)) is amortized on a straight-line basis over 5 years. The unrecognized prior service cost are amortized on straight-line basis over the period of 5 ~ 12 years from the year in which they arise, and the unrecognized actuarial differences are amortized on straight-line basis over the period of 5 ~ 12 years from the next year in which they arise.

As a result of adopting the new standard, net pension expense for the year ended March 31, 2001 has increased by ¥3,334 million (\$26,887 thousand) and income before income taxes has decreased by ¥3,320 million (\$26,774 thousand) as compared with the amounts which would have been reported if the previous standard had been applied consistently.

The Company and a part of its consolidated subsidiaries provide for severance indemnities for directors and statutory auditors at an amount which would be required in accordance with their rules for directors' and statutory auditors' severance indemnities, if they retired at the balance sheet date.

(h)Lease

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by the method similar to that applicable to ordinary operating leases.

(i)Income taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes.

Income taxes were determined using the assets and liability approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the

tax basis of assets and liabilities and those as reported in the financial statements.

(j) Foreign currency translation

Effective from the year ended March 31, 2001, the Company and its domestic consolidated subsidiaries adopted the new Japanese accounting standard for foreign currency translation, which is effective for periods beginning on or after April 1, 2000. Under the new standard, all monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period. The adoption of the new method had no material impact on the accompanying consolidated financial statements.

The new standard also amended the method of representation of "Translation adjustments". It is presented as shareholders' equity in 2001, and as an asset in 2000.

(k) Appropriation of retained earnings

Cash dividends and bonuses to directors and statutory auditors are recorded in the financial year in which the proposed appropriation of retained earnings are approved by the Board of Directors and/or the shareholders' meeting.

(l) Net income per share

Primary net income per share of common stock is computed on the basis of the weighted average number of shares of common stock outstanding during the respective years. The fully diluted net income per share calculation assumes conversion of all convertible bonds outstanding with related reduction in interest expenses. Cash dividends per share represent the dividends declared as applicable to the respective period.

(m) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits able to be withdrawn on demand and short-term investments with maturity of three months or less and which represent a minor risk of fluctuations in value.

2. Securities

Securities in the current portfolio and in the non-current portfolio at March 31, 2001 consisted of:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Other securities for which market quotation is available (See below)	¥ 8,924	\$ 71,968
Other securities without market quotation:		
Unlisted securities	245	1,976
MMF	1,560	12,581
Funds of intermediate government bonds	2,270	18,306
Free financial funds	1,101	8,879

Others	457	3,685
	<u>5,633</u>	<u>45,427</u>
Total	<u>¥ 14,557</u>	<u>\$ 117,395</u>

The fair value of other securities for which market quotations are available as of March 31, 2001 is ¥8,379 million (\$67,573 thousand), their book value on the balance sheet is ¥8,924 million (\$71,968 thousand) and the valuation loss is ¥316 million (\$2,548 thousand) at the net of the related deferred income taxes of ¥229 million (\$1,847 thousand).

Other securities which the Companies sold during this consolidated fiscal year:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>	
Sales value	¥	14,583	¥	117,605
Gain on sales		2,501		20,169
Loss on sales		150		1,210

Market Value information for Securities with reasonably determinable market value as of March 31, 2000 were summarized as follows:

	<u>Millions of yen</u>		
	<u>Carrying value</u>	<u>Aggregate market value</u>	<u>Net unrealized gains(losses)</u>
Marketable securities:			
Marketable equity securities	¥ 1,079	¥ 1,304	¥ 225
Bonds	1,748	1,722	(26)
Other	597	555	(42)
	<u>¥ 3,424</u>	<u>¥ 3,581</u>	<u>¥ 157</u>
Investment securities:			
Marketable equity securities	¥ 8,532	¥ 13,303	¥ 4,771
	<u>¥ 11,956</u>	<u>¥ 16,884</u>	<u>¥ 4,928</u>

The differences between the above carrying values and the amounts shown in the consolidated balance sheets consist principally of non-listed securities.

3. Inventories

At March 31, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Merchandise	¥ 1,170	¥ 969	\$ 9,435
Finished goods	2,621	1,624	21,137
Work in process	2,974	2,810	23,984
Raw materials and supplies	4,494	3,927	36,242
Total	¥ 11,259	¥ 9,330	\$ 90,798

4.Short-term Loans and Long-term Debt

Short-term loans at March 31, 2001 and 2000 were principally bank overdrafts and short-term notes bearing interest at annual rates ranging from 0.52 per cent. to 8.10 per cent.

At March 31, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
2.1 per cent. convertible bonds due 2002 convertible currently at ¥720 per share	¥ 9,342	¥ 9,342	\$ 75,339
1.7 per cent. mortgage bonds due 2003	500	500	4,032
1.2 per cent. mortgage bonds due 2003	500	500	4,032
Loans, principally from banks, bearing interest at annual rates ranging from 0.521 per cent to 7.675 per cent.	9,706	9,968	78,274
	20,048	20,310	161,677
Less: current portion	(10,372)	(5,485)	(83,645)
Total	¥ 9,676	¥ 14,825	\$ 78,032

At March 31, 2001, the number of shares of common stock which would have been issuable upon conversion of all outstanding convertible bonds was approximately 13.0 million.

The aggregate annual maturities of long-term debt at March 31, 2001 were as follows:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Year ending March 31,		
2003	¥ 3,018	\$ 24,339
2004	1,350	10,887
2005	30	242
After 2006	5,278	42,564

At March 31, 2001, the following assets were pledged as collateral for long-term debt:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Buildings and structures	¥ 1,136	\$ 9,161
Land	874	7,049

5. Contingent Liabilities

The Companies were contingently liable for notes endorsed to others or discounted with banks in the ordinary course of business in the amount of 1,220 million (\$9,839 thousand) at March 31, 2001. In addition, the Companies were contingently liable as guarantor of borrowings, principally by non-consolidated subsidiaries, in the amount of 1,268 million (\$10,226 thousand) at March 31, 2001.

6. Income taxes

The effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities as of March 31, 2001 and 2000, was 42.0%.

At March 31, significant components of deferred tax assets and liabilities were as follows:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>2001</u>	<u>2000</u>	<u>2001</u>
Deferred tax assets:			
Accrued bonuses	¥ 249	¥ 160	\$ 2,008
Accrued enterprise taxes	205	89	1,653
Reserve for retirement benefits	1,832	384	14,774
Unrealized earnings	81	286	653
Other	901	390	7,267
Total	<u>3,268</u>	<u>1,309</u>	<u>26,355</u>
Valuation allowance	(342)	(140)	(2,758)
Deferred tax assets	<u>¥ 2,926</u>	<u>¥ 1,169</u>	<u>\$ 23,597</u>
Deferred tax liabilities:			
Investment profit due to equity method	¥ (-)	¥ (49)	\$ (-)
Profit due to setting the trust for retirement benefits	(647)	(-)	(5,218)
Other	(32)	(84)	(258)

Total deferred tax liabilities	<u>(679)</u>	<u>(133)</u>	<u>(5,476)</u>
Net deferred tax assets	<u>¥ 2,247</u>	<u>¥ 1,036</u>	<u>\$ 18,121</u>

At March 31, the reconciliation of the statutory tax rate to the effective income tax rate is as follows:

	<u>2001</u>	<u>2000</u>
Statutory tax rate	42.0 %	42.0 %
Increase (decrease) in taxes resulting from		
Permanent differences	1.2	(3.1)
Loss on sales of subsidiary's securities in the consolidated financial statements	8.0	-
Other	9.9	8.2
Effective income tax rate	<u>61.1 %</u>	<u>47.1 %</u>

7.Subsequent Event

The shareholders approved the following appropriations of retained earnings at the annual general meeting held on June 28, 2001:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Cash dividends	¥ 225	\$ 1,815
Bonuses to directors and statutory auditors	40	323

8.Leases

Pro forma information regarding the leased property such as acquisition cost and accumulated depreciation under the Companies' finance leases that do not transfer the ownership of the leased property to the lessee for the years ended March 31, 2001 and 2000 were as follows:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>2001</u>	<u>2000</u>	<u>2001</u>
Structures and machinery and equipment			
Cost	¥ 2,059	¥ 2,039	\$ 16,605
Accumulated depreciation	1,149	851	9,266
Net amount	<u>¥ 910</u>	<u>¥ 1,188</u>	<u>\$ 7,339</u>

The following is a schedule of the future minimum lease payments under such lease contracts as of March 31:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars</u>
	<u>2001</u>	<u>2000</u>	<u>2001</u>

Due within one year	¥	391	¥	399	\$	3,153
Due over one year		544		814		4,387
	¥	<u>935</u>	¥	<u>1,213</u>	\$	<u>7,540</u>

Total lease expenses under finance lease for the years ended March 31, 2001 and 2000 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Lease rental expenses	¥ 434	¥ 435	\$ 3,500
Depreciation cost	407	408	3,282
Interest expense	26	33	210

9. Derivative financial instruments

As described in Note 1 (c), the Companies adopted the new accounting standard for financial instruments effective from the year ended March 31, 2001. All derivatives of the Companies are designated as "hedging instruments", and the additional information on derivatives which was required until last year is not disclosed in the current year.

The information on derivatives as of March 31, 2000 is as follows:

The Companies do not hold or issue derivatives for trading purposes and it is the Companies' policy to use derivatives only for the purpose of reducing market risks and financing costs in accordance with internal criteria.

The Companies don't anticipate any losses resulting from default of the counterparties as they are limited to major financial institutions with sound operational foundations.

The contract or notional amounts of derivatives which are shown in the following table do not measure the Companies' exposure to credit or market risk.

	At March 31, 2000			
	Contracted / Notional Principal Amount		Market value	Unrealized gain(loss)
	Within one year	After one year		
	(Millions of yen)			
Interest swap contracts	¥ -	2,000	¥ (26)	¥ (26)

10. Segment Information

(a) Industry segments:

The operations of the Companies for the years ended March 31, 2001 and 2000 were summarized by business group as follows:

	Year ended March 31, 2001						Consoli - dated
	Millions of yen						
	Information/ Communi - cation equipment	Electronic components and Power supplies	Electro - chemical materials and Soldering systems	Other	Corporate and Eliminatio n		
Sales and operating revenue							
Sales- Customers	¥ 5,488	¥ 54,026	¥ 24,958	¥ 26	¥ -	¥ 84,498	
Inter-segment	-	149	6	644	(799)	-	
	<u>5,488</u>	<u>54,175</u>	<u>24,964</u>	<u>670</u>	<u>(799)</u>	<u>84,498</u>	
Operating costs and expenses	<u>5,617</u>	<u>51,384</u>	<u>20,760</u>	<u>664</u>	<u>1,445</u>	<u>79,870</u>	
Operating income (loss)	<u>¥ (129)</u>	<u>¥ 2,791</u>	<u>¥ 4,204</u>	<u>¥ 6</u>	<u>¥ (2,244)</u>	<u>¥ 4,628</u>	
Identifiable assets	¥ 4,289	¥ 37,421	¥ 25,277	¥ 331	¥ 24,365	¥ 91,683	
Depreciation and amortization	¥ 102	¥ 1,537	¥ 633	¥ 0	¥ 114	¥ 2,386	
Capital expenditures	¥ 67	¥ 2,874	¥ 886	¥ -	¥ 71	¥ 3,898	

Year ended March 31, 2000						
Millions of yen						
	Information/ Communi - cation equipment	Electronic components and Power supplies	Electro - chemical materials and Precision machines	Other	Corporate and Eliminatio n	Consoli - dated
Sales and operating revenue						
Sales- Customers	¥ 5,203	¥ 48,400	¥ 23,228	¥ 28	¥ -	¥ 76,859
Inter-segment	-	109	13	796	(918)	-
	5,203	48,509	23,241	824	(918)	76,859
Operating costs and expenses	5,141	46,313	19,201	800	1,428	72,883
Operating income	¥ 62	¥ 2,196	¥ 4,040	¥ 24	¥ (2,346)	¥ 3,976
Identifiable assets	¥ 3,504	¥ 34,625	¥ 23,782	¥ 365	¥ 29,110	¥ 91,386
Depreciation and amortization	¥ 106	¥ 1,615	¥ 653	¥ 0	¥ 80	¥ 2,454
Capital expenditures	¥ 41	¥ 1,162	¥ 438	¥ 1	¥ 346	¥ 1,988

Year ended March 31, 2001						
Thousands of U.S. dollars						
	Information/ Communi - cation equipment	Electronic components and Power supplies	Electro - chemical materials and Soldering systems	Other	Corporate and Elimination	Consoli - dated
Sales and operating revenue						
Sales- Customers	\$ 44,258	\$ 435,693	\$ 201,274	\$ 210	\$ -	\$ 681,435
Inter-segment	-	1,202	48	5,193	(6,443)	-
	44,258	436,895	201,322	5,403	(6,443)	681,435

Operating costs and expenses	45,298	414,387	167,419	5,355	11,654	644,113
Operating income (loss)	\$ (1,040)	\$ 22,508	\$ 33,903	\$ 48	\$ (18,097)	\$ 37,322
Identifiable assets	\$ 34,589	\$ 301,782	\$ 203,847	\$ 2,669	\$ 196,492	\$ 739,379
Depreciation and amortization	\$ 823	\$ 12,395	\$ 5,105	\$ 0	\$ 919	\$ 19,242
Capital expenditures	\$ 540	\$ 23,177	\$ 7,145	\$ -	\$ 573	\$ 31,435

(b) Geographic areas:

The operations of the Companies for the years ended March 31, 2001 and 2000 were summarized by geographic areas as follows:

	Year ended March 31, 2001					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Corporate and Elimination	Consolidated
Sales and operating revenue						
Sales-Customers	¥ 43,704	¥ 28,361	¥ 8,793	¥ 3,640	¥ -	¥ 84,498
Inter-segment	6,268	11,322	1,068	15	(18,673)	-
	49,972	39,683	9,861	3,655	(18,673)	84,498
Operating costs and expenses	45,927	37,066	9,666	3,589	(16,378)	79,870
Operating income	¥ 4,045	¥ 2,617	¥ 195	¥ 66	¥ (2,295)	¥ 4,628
Identifiable assets	¥ 54,401	¥ 19,732	¥ 4,514	¥ 1,077	¥ 11,959	¥ 91,683

	Year ended March 31, 2000					
	Millions of yen					
	Japan	Asia	Europe	North and South America	Corporate and Elimination	Consolidated
Sales and operating revenue						
Sales-Customers	¥ 42,159	¥ 23,835	¥ 7,727	¥ 3,138	¥ -	¥ 76,859
Inter-segment	9,020	9,178	663	6	(18,867)	-
	51,179	33,013	8,390	3,144	(18,867)	76,859
Operating costs						

and expenses	<u>47,692</u>	<u>30,704</u>	<u>8,051</u>	<u>3,108</u>	<u>(16,672)</u>	<u>72,883</u>
Operating income	<u>¥ 3,487</u>	<u>¥ 2,309</u>	<u>¥ 339</u>	<u>¥ 36</u>	<u>¥ (2,195)</u>	<u>¥ 3,976</u>
Identifiable assets	¥ 49,160	¥ 20,639	¥ 5,186	¥ 929	¥ 15,472	¥ 91,386

Year ended March 31, 2001						
Thousands of U.S. dollars						
	<u>Japan</u>	<u>Asia</u>	<u>Europe</u>	<u>North and South America</u>	<u>Corporate and Elimination</u>	<u>Consolidated</u>
Sales and operating revenue						
Sales- Customers	\$ 352,451	\$ 228,718	\$ 70,911	\$ 29,355	\$ -	\$ 681,435
Inter-segment	50,549	91,306	8,613	121	(150,589)	-
	<u>403,000</u>	<u>320,024</u>	<u>79,524</u>	<u>29,476</u>	<u>(150,589)</u>	<u>681,435</u>
Operating costs and expenses	<u>370,379</u>	<u>298,919</u>	<u>77,952</u>	<u>28,943</u>	<u>(132,080)</u>	<u>644,113</u>
Operating income	<u>\$ 32,621</u>	<u>\$ 21,105</u>	<u>\$ 1,573</u>	<u>\$ 532</u>	<u>\$ (18,509)</u>	<u>\$ 37,322</u>
Identifiable assets	\$ 438,718	\$ 159,129	\$ 36,403	\$ 8,685	\$ 96,444	\$ 739,379

Total amounts of export by domestic operations and sales by overseas branches and subsidiaries for the years ended March 31, 2001 and 2000, were as follows:

Year ended March 31, 2001					
Millions of yen					
	<u>Asia</u>	<u>Europe</u>	<u>North and South America</u>	<u>Other</u>	<u>Total</u>
Export sales	¥ 31,326	¥ 8,588	¥ 6,964	¥ 5	¥ 46,883
Consolidated sales					84,498
Percentage of export sales over consolidated sales	<u>37.1%</u>	<u>10.2%</u>	<u>8.2%</u>	<u>0.0%</u>	<u>55.5%</u>

Year ended March 31, 2000					
Millions of yen					

	Asia	Europe	North and South America	Other	Total
Export sales	¥ 27,524	¥ 8,198	¥ 6,129	¥ 11	¥ 41,862
Consolidated sales					76,859
Percentage of export sales over consolidated sales	35.8%	10.7%	8.0%	0.0%	54.5%

Year ended March 31, 2001					
Thousands of U.S. dollars					
	Asia	Europe	North and South America	Other	Total
Export sales	\$ 252,629	\$ 69,258	\$ 56,161	\$ 40	\$ 378,088
Consolidated sales					681,435
Percentage of export sales over consolidated sales	37.1%	10.2%	8.2%	0.0%	55.5%

11. Research and development costs

Total of research and development costs included in manufacturing costs and selling, general and administrative expenses amounted to ¥1,001 million (\$ 8,073 thousand) in fiscal 2001 and ¥1,242 million in fiscal 2000.

12. Cash and cash equivalents

At March 31, 2001, cash and cash equivalents consisted of:

	Millions of yen		Thousands of U.S. dollars
	2001	2000	2001
Cash and time deposits	¥ 13,746	¥ 14,471	\$ 110,855
Securities in the current portfolio	4,932	7,183	39,774
Total	18,678	21,654	150,629
Time deposits with deposit term of over 3 months	(467)	(4,267)	(3,766)
Stocks, convertible bonds and investment trust	(-)	(3,425)	(-)
Cash and cash equivalents	¥ 18,211	¥ 13,962	\$ 146,863

13. Retirement benefit plan

The Company and a part of consolidated subsidiaries have defined benefit retirement plans covering substantially all employees. Benefits under the plans are covered by two plans. One is governed by the regulations of the Japanese Welfare Pension Insurance Law, and the other is severance indemnities by Companies.

The reserve for retirement benefits as of March 31, 2001 is analyzed as follows:

	Millions of yen	Thousands of U.S. dollars
Projected benefit obligations	¥ 14,882	\$ 120,016
Plan assets	8,457	68,202
	6,425	51,814
Unrecognized transition amount	2,001	16,137

Unrecognized prior service cost	(430)	(3,468)
Unrecognized actuarial differences	3,312	26,710
	<u>¥ 1,542</u>	<u>\$ 12,435</u>

(Notes: The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.)

Net pension expense related to the retirement benefits for the year ended March 31, 2001 was as follows:

	Millions of yen	Thousands of U.S. dollars
	¥	\$
Service cost	638	5,145
Interest cost	437	3,524
Expected return on plan assets	(258)	(2,081)
Amortization of transition amount	3,238	26,113
Net pension expense	<u>¥ 4,055</u>	<u>\$ 32,701</u>

Assumptions used in calculation of the above information were as follows:

	<u>As of March 31, 2001</u>
Discount rate	3.0 %
Expected rate of return on plan assets	3.5 %
Method of attributing the projected benefits to periods of services	straight-line basis
Amortization of unrecognized prior service cost	5 ~ 12 years
Amortization of transition amount	5 years
Amortization of unrecognized actuarial differences	5 ~ 12 years