

**CONSOLIDATED FINANCIAL STATEMENTS**  
**TAMURA CORPORATION**  
**AS OF MARCH 31 , 2004 AND 2003**

**TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

|  | Millions of yen |          | Thousands of<br>U.S. dollars<br>(Note 1(a)) |
|--|-----------------|----------|---|
|  | March 31,       |          | March 31,                                   |
|  | 2004            | 2003     | 2004  |
| <b>ASSETS</b>  |                 |          |   |
| <b>Current Assets:</b>   |                 |          |   |
| Cash and bank deposits (Note 2)                                | ¥ 11,860        | ¥ 11,442 | \$ 111,887                                  |
| Notes and accounts receivable-trade:                           |                 |          |   |
| Non-consolidated subsidiaries and affiliates                   | 1,799           | 1,158    | 16,972                                      |
| Other  | 22,860          | 25,305   | 215,660                                     |
| Allowance for doubtful accounts                                | (71)            | (115)    | (670)                                       |
|  | 24,588          | 26,348   | 231,962                                     |
| Inventories (Note 4)   | 9,925           | 9,593    | 93,632                                      |
| Deferred tax assets (Note 10)                                  | 1,117           | 1,329    | 10,538                                      |
| Other current assets   | 1,684           | 1,978    | 15,887                                      |
| Total current assets   | 49,174          | 50,690   | 463,906                                     |
| <b>Investments and Other Assets:</b>                           |                 |          |   |
| Securities in the non-current portfolio (Note 3)               | 3,540           | 2,658    | 33,396                                      |
| Investments in non-consolidated subsidiaries<br>and affiliates | 1,233           | 993      | 11,632                                      |
| Deferred tax assets (Note 10)                                  | 2,000           | 3,427    | 18,868                                      |
| Other assets   | 3,304           | 2,949    | 31,170                                      |
| Total investments and other assets                             | 10,077          | 10,027   | 95,066                                      |
| <b>Property, Plant and Equipment (Note 5):</b>                 |                 |          |   |
| Land   | 6,250           | 6,358    | 58,962                                      |
| Buildings and structures                                       | 13,299          | 13,378   | 125,462                                     |
| Machinery and equipment  | 19,816          | 20,638   | 186,944                                     |
| Construction in progress                                       | 37              | 127      | 349   |
|  | 39,402          | 40,501   | 371,717                                     |
| Accumulated depreciation                                       | (22,640)        | (22,771) | (213,585)                                   |
| Net property, plant and equipment                              | 16,762          | 17,730   | 158,132                                     |
| Total assets   | ¥ 76,013        | ¥ 78,447 | \$ 717,104                                  |

The accompanying Notes are an integral part of these statements.

|  | Millions of yen |                 | Thousands of<br>U.S. dollars<br>(Note 1(a)) |
|--|-----------------|-----------------|---|
|  | March 31,       |                 | March 31,                                   |
|  | 2004            | 2003            | 2004  |
| <b>LIABILITIES AND SHAREHOLDERS'<br/>EQUITY</b>  |                 |                 |   |
| <b>Current Liabilities:</b>  |                 |                 |   |
| Short-term loans (Note 5)  | ¥ 5,531         | ¥ 6,155         | \$ 52,179                                   |
| Current portion of long-term debt (Note 5)   | 428             | 2,511           | 4,038                                       |
| Notes and accounts payable-trade:  |                 |                 |   |
| Non-consolidated subsidiaries and affiliates   | 994             | 467             | 9,377                                       |
| Other  | 9,742           | 10,755          | 91,906                                      |
|  | <u>10,736</u>   | <u>11,222</u>   | <u>101,283</u>                              |
| Accrued income taxes   | 411             | 736             | 3,877                                       |
| Deferred tax liabilities (Note 10)   | 2               | 4               | 19  |
| Other current liabilities  | 4,148           | 4,846           | 39,132                                      |
| Total current liabilities  | <u>21,256</u>   | <u>25,474</u>   | <u>200,528</u>                              |
| <b>Long-term Debt (Note 5)</b>   | 13,037          | 11,457          | 122,991                                     |
| <b>Reserve for Retirement Benefits (Note 6)</b>  | 1,864           | 2,247           | 17,585                                      |
| <b>Accrued Severance Indemnities for Directors</b>   | 220             | 487             | 2,075                                       |
| <b>Deferred Tax Liabilities (Note 10)</b>  | 8               | 8               | 75  |
| <b>Other Long-term Liabilities</b>   | 596             | 912             | 5,623                                       |
| <b>Contingent Liabilities (Note 13)</b>  |                 |                 |   |
| <b>Minority Interest in Consolidated Subsidiaries</b>  | 137             | 144             | 1,293                                       |
| <b>Shareholders' Equity (Note 7)</b>   |                 |                 |   |
| Common stock:  | 11,829          | 11,829          | 111,594                                     |
| Authorized - 252,000,000 shares  |                 |                 |   |
| Issued and outstanding - 75,067,736 shares   |                 |                 |   |
| Additional paid-in capital   | 15,343          | 15,341          | 144,745                                     |
| Retained earnings  | 12,766          | 12,563          | 120,434                                     |
| Unrealized gain (loss) on securities   | 709             | (748)           | 6,689                                       |
| Translation adjustments  | (1,597)         | (1,120)         | (15,066)                                    |
|  | <u>39,050</u>   | <u>37,865</u>   | <u>368,396</u>                              |
| Treasury stock, at cost (Note 8)   | (155)           | (147)           | (1,462)                                     |
| Total shareholders' equity   | <u>38,895</u>   | <u>37,718</u>   | <u>366,934</u>                              |
| Total liabilities, minority interest in<br>consolidated subsidiaries and<br>shareholders' equity | <u>¥ 76,013</u> | <u>¥ 78,447</u> | <u>\$ 717,104</u>                           |

The accompanying Notes are an integral part of these statements.



**TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

|  | Millions of yen |                 | Thousands of<br>U.S. dollars<br>(Note 1(a)) |
|--|-----------------|-----------------|---|
|  | March 31,       |                 | March 31,                                   |
|  | 2004            | 2003            | 2004  |
| <b>Common Stock:</b>   | ¥               | ¥               | \$  |
| Balance at beginning of year   | 11,829          | 11,829          | 111,594                                     |
| Balance at end of year   | <u>11,829</u>   | <u>11,829</u>   | <u>111,594</u>                              |
| <b>Additional Paid-in Capital:</b>   |                 |                 |   |
| Balance at beginning of year   | 15,341          | 15,341          | 144,726                                     |
| Gain on disposal of treasury stock   | 2               | -               | 19  |
| Balance at end of year   | <u>15,343</u>   | <u>15,341</u>   | <u>144,745</u>                              |
| <b>Retained Earnings:</b>  |                 |                 |   |
| Balance at beginning of year   | 12,563          | 12,955          | 118,519                                     |
| Decrease arising from the deconsolidation of<br>previously consolidated subsidiary | (90)            | (-)             | (849)                                       |
| Net income   | 822             | 120             | 7,755                                       |
| Cash dividends paid  | (446)           | (449)           | (4,208)                                     |
| Bonuses to directors and statutory auditors  | (56)            | (63)            | (528)                                       |
| Other  | (27)            | -               | (255)                                       |
| Balance at end of year   | <u>12,766</u>   | <u>12,563</u>   | <u>120,434</u>                              |
| <b>Unrealized Gain (Loss) on Securities:</b>                                       |                 |                 |   |
| Balance at beginning of year   | (748)           | 84              | (7,056)                                     |
| Net change during the year   | 1,457           | (832)           | 13,745                                      |
| Balance at end of year   | <u>709</u>      | <u>(748)</u>    | <u>6,689</u>                                |
| <b>Translation Adjustments:</b>  |                 |                 |   |
| Balance at beginning of year   | (1,120)         | (702)           | (10,566)                                    |
| Net change during the year   | (477)           | (418)           | (4,500)                                     |
| Balance at end of year   | <u>(1,597)</u>  | <u>(1,120)</u>  | <u>(15,066)</u>                             |
| <b>Treasury Stock (Note 8):</b>  |                 |                 |   |
| Balance at beginning of year   | (147)           | (75)            | (1,387)                                     |
| Net change during the year   | (8)             | (72)            | (75)  |
| Balance at end of year   | <u>(155)</u>    | <u>(147)</u>    | <u>(1,462)</u>                              |
| <b>Total shareholders' equity</b>  | <u>¥ 38,895</u> | <u>¥ 37,718</u> | <u>\$ 366,934</u>                           |

The accompanying Notes are an integral part of these statements.

**TAMURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | Millions of yen |                 | Thousands of<br>U.S. dollars<br>(Note 1(a)) |
|---|-----------------|-----------------|---|
|   | March 31,       |                 | March 31,                                   |
|   | 2004            | 2003            | 2004  |
| <b>Cash Flows from Operating Activities:</b>  |                 |                 |   |
| Income before income taxes  | ¥ 1,741         | ¥ 589           | \$ 16,425                                   |
| Depreciation  | 2,168           | 2,197           | 20,453                                      |
| Increase (decrease) in reserve for retirement benefits  | (644)           | 825             | (6,075)                                     |
| Decrease in allowance for doubtful accounts   | (42)            | (92)            | (396)                                       |
| Write-down of investments in securities   | -               | 16              | -   |
| Interest and dividend income  | (86)            | (66)            | (811)                                       |
| Interest expenses   | 524             | 544             | 4,943                                       |
| Exchange loss   | 105             | 274             | 991   |
| Bonuses to directors and statutory auditors   | (56)            | (63)            | (528)                                       |
| (Increase) decrease in trade receivable   | 513             | (5,137)         | 4,839                                       |
| (Increase) decrease in inventories  | (774)           | 665             | (7,302)                                     |
| Increase in trade payable   | 605             | 3,131           | 5,707                                       |
| Other, net  | 307             | (1,447)         | 2,896                                       |
|   | <u>4,361</u>    | <u>1,436</u>    | <u>41,142</u>                               |
| Interest and dividend received  | 106             | 123             | 1,000                                       |
| Interest paid   | (533)           | (542)           | (5,029)                                     |
| Income taxes paid   | (1,622)         | (468)           | (15,302)                                    |
| Income taxed refund   | 857             | -               | 8,085                                       |
| Net cash provided by operating activities   | <u>3,169</u>    | <u>549</u>      | <u>29,896</u>                               |
| <b>Cash Flows from Investing Activities:</b>  |                 |                 |   |
| Acquisition of tangible fixed assets  | (2,014)         | (2,372)         | (19,000)                                    |
| Proceeds from sale of tangible fixed assets   | 183             | 361             | 1,726                                       |
| Increase in investments in securities   | (177)           | (586)           | (1,670)                                     |
| Proceeds from sale of investments in securities   | 1,513           | 472             | 14,274                                      |
| Other, net  | (959)           | 188             | (9,047)                                     |
| Net cash used in investing activities   | <u>(1,454)</u>  | <u>(1,937)</u>  | <u>(13,717)</u>                             |
| <b>Cash Flows from Financing Activities:</b>  |                 |                 |   |
| Decrease in short-term loans  | (106)           | (286)           | (1,000)                                     |
| Proceeds from long-term debt  | 2,075           | 1,260           | 19,575                                      |
| Repayment of long-term debt   | (1,579)         | (3,311)         | (14,896)                                    |
| Acquisition of treasury stock   | (16)            | (72)            | (150)                                       |
| Proceeds from sales of treasury stock   | 10              | -               | 94  |
| Cash dividends paid   | (460)           | (460)           | (4,340)                                     |
| Refund of the straight bond   | (1,000)         | (-)             | (9,434)                                     |
| Other, net  | (5)             | -               | (47)  |
| Net cash used in financing activities   | <u>(1,081)</u>  | <u>(2,869)</u>  | <u>(10,198)</u>                             |
| <b>Effect of Exchange Rate Changes on Cash and<br/>Cash Equivalents</b>   | (121)           | (115)           | (1,142)                                     |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | <u>513</u>      | <u>(4,372)</u>  | <u>4,839</u>                                |
| <b>Cash and Cash Equivalents at Beginning of Year</b>   | 11,387          | 15,759          | 107,425                                     |
| <b>Decrease in Cash and Cash Equivalents Arising<br/>from the Deconsolidation of Previously<br/>Consolidated Subsidiary</b> | (117)           | (-)             | (1,104)                                     |
| <b>Cash and Cash Equivalents at End of Year (Note 2)</b>  | <u>¥ 11,783</u> | <u>¥ 11,387</u> | <u>\$ 111,160</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 of Tamura Corporation and its consolidated subsidiaries (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting 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.

Amounts in U.S. dollars are included solely for the conveniences of readers outside Japan. The rate of ¥106= U.S.\$1, the rate of exchange on March 31, 2004 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 above rate or any other rate.

##### **(b) Principles of Consolidation**

The consolidated financial statements include the accounts of Tamura Corporation ( the "Company" ) and, with the exception of entities which are not material, those of its 23 and 23 majority owned subsidiaries for the year ended March 31, 2004 and 2003, respectively. 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 a material effect 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 differences resulting therefrom have been deferred and are reflected in the accompanying consolidated balance sheets as "Translation adjustments".

##### **(c) Financial instruments**

###### **(1) Derivatives**

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 Companies are classified as follows;

Other securities with market values are stated at fair value. Net unrealized gains and losses on these securities are reported as a separate component in shareholders' equity at a net-of-tax amount.

Other securities without market values are stated at the moving average cost, except as stated in the paragraph below.

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

## **(3)Hedge accounting**

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as assets or liabilities 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 forward exchange contracts and interest swaps. The related hedged items are trade accounts payable, trade accounts receivable and the interest of long-term bank loans.

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 the effectiveness of their 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 the estimated amount of uncollectible receivables at the balance sheet date.

## **(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) Accounting standard for impairment of fixed assets**

On August 9, 2002, the Business Accounting Council in Japan issued “Accounting Standard for Impairment of Fixed Assets”. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the statements of income by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price or value in use.

The standard shall be effective for fiscal years beginning April 1, 2005 or thereafter, with possible early adoption for fiscal years ended March 31, 2004 or thereafter. The Company has not yet applied this new standard nor has determined the effect of applying it on the Company’s consolidated financial statements.

**(h) Reserve for retirement benefits**

The reserve for retirement benefits represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets, except as permitted under the new standard which was adopted from the year ended March 31, 2001, the unrecognized transitional liability arising from adoption of the new standard of ¥5,202 million, the unrecognized prior service costs and unrecognized actuarial differences are accounted for as follows:

A part of the unrecognized transitional liability arising from adoption of the new standard (¥2,740 million) was amortized by setting up a trust fund which was used only for retirement benefits in the year ended March 31, 2001. The rest of this transitional liability (¥2,462 million), except for the portion related to the entrusted government’s portion as described below, is amortized on a straight-line basis over 5 years. The unrecognized prior service costs are amortized on a straight-line basis over the period of 6 ~ 12 years from the year in which they arise, and the unrecognized actuarial differences are amortized on a straight-line basis over the period of 6 ~ 12 years from the year following the year in which they arise.

The Company and certain of its domestic consolidated subsidiaries applied to the Minister of Health, Labour and Welfare to obtain permission regarding relinquishment of the role as agent of the welfare pension fund, return of the entrusted governments portion of retirement benefit obligations and exemption of future payment obligations, which was in turn, officially approved on March 26, 2004.

Thereby, the Company and certain of its domestic consolidated subsidiaries considered the above date to be the returned date according to the transitional measures of Article 47-2 of “Practical Guideline of Accounting for Retirement Benefit (Interim Report)” of Accounting Committee Report No.13 published by the Japanese Institute of Certified Public Accountants and recognized the difference of ¥1,265 million (\$11,934 thousand) between the obligations relinquished and the related pension fund assets as “Gain on return of the entrusted government’s portion of the welfare pension fund” in the year ended March 31, 2004. The amount of pension fund assets to be returned was ¥4,859 million (\$45,840 thousand) at March 31, 2004.

**(i)Accrued severance indemnities for directors and statutory auditors**

The Company and certain 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.

**(j)Leases**

Leases that transfer substantially all the risks and rewards of ownership of the leased assets to the Companies are accounted for as capital leases. Leases which do not transfer ownership of the assets to the Companies at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

**(k)Income taxes**

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

Income taxes were determined using the assets and liabilities 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.

Deferred tax assets relating to tax loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of tax loss carryforwards be estimated and recorded as an asset, with deduction of a valuation allowance if it is expected that some portion or all of the deferred tax assets will not be realized.

**(l)Foreign currency translation**

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.

**(m)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 full exercise of outstanding stock options. Cash dividends per share represent the dividends declared as applicable to the respective period.

Effective from the year ended March 31, 2003, the Company adopted the Statement of Financial Accounting Standard No.2 "Net Income per Share" issued by the Accounting Standards Board of Japan. Prior to adopting the new statement, net income per share was calculated based on the net income shown on the Statements of Income and Retained Earnings. The net income per share calculation therefore excluded bonuses to directors and statutory auditors, since under the Japanese Commercial Code, these are recognized as an appropriation of retained earnings rather than as expenses in the statements of income and retained earnings. However, the new statement requires that net income should be adjusted by deducting bonuses paid to directors and

statutory auditors as well as the payment of dividends to shareholders of preferred stocks to be recognized as an appropriation of retained earnings, from net income shown in the statements of income and retained earnings, and the calculation of net income per share be made on that adjusted net income basis. As a result of the adoption of the new standard, the effect on net income per share was immaterial.

(n) Technical expenses, such as design, trial production, etc. in connection with the Electronic components and Power supplies business

Technical expenses, such as design, trial production, etc. in connection with the Electronic components and Power supplies business, which was formerly included in cost of sales, is included in selling, general and administrative expenses from the year ended March 31, 2004.

This change indicates recognizing that technical expenses now strengthen the character of expenses for future order-received acquisitions through reviewing the content of its expense. Therefore, it resulted in the judgment that the charging of the total amount is healthier than treating technical expenses as cost of sales which corresponds to sales directly. As a result of this change, for the year ended March 31, 2004, cost of sales has decreased by ¥1,795 million (\$16,934 thousand), selling, general and administrative expenses has increased by ¥2,001 million (\$18,877 thousand), operating income and income before income taxes have decreased by ¥206 million (\$1,943 thousand) as compared with the amount which would have been reported if the previous basis had been applied consistently.

(o) "The total remuneration system" having been introduced as a premium calculation system of welfare pension insurance and health insurance

In connection with "the total remuneration system" having been introduced as a premium calculation system of welfare pension insurance and health insurance from April, 2003, the corporate burden portion of the social insurance premiums relating to the amount of accrued bonus was accrued. In addition, the social insurance premiums of ¥103 million (\$972 thousand) corresponding to the year ended March 31, 2003 were recognized as "Social insurance premiums in the previous year" for the year ended March 31, 2004.

(p) Reclassifications

Certain reclassifications of the financial statements and related footnote amounts in the years ended March 31, 2003 have been made to conform to the presentation in the year ended March 31, 2004.

## **2. 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.

At March 31, cash and cash equivalents consisted of:

|  | Millions of yen |          | Thousands of |
|--|-----------------|----------|--------------|
|  | 2004            | 2003     | U.S. dollars |
| Cash and time deposits                           | ¥ 11,860        | ¥ 11,442 | \$ 111,887   |
| Time deposits with deposit term of over 3 months | (77)            | (55)     | (727)        |
| Cash and cash equivalents                        | ¥ 11,783        | ¥ 11,387 | \$ 111,160   |

### 3. Securities

At March 31, securities in the non-current portfolio consisted of the following:

|  | Millions of yen |         | Thousands of |
|--|-----------------|---------|--------------|
|  | 2004            | 2003    | U.S. dollars |
| Other securities for which market quotation is available |                 |         | 2004         |
| At cost  | ¥ 1,917         | ¥ 3,470 | \$ 18,085    |
| Fair value   | 3,098           | 2,222   | 29,226       |
| Net  | 1,181           | (1,248) | 11,141       |
| Other securities without market quotation:               |                 |         | Thousands of |
| Unlisted securities                                      | 245             | 109     | U.S. dollars |
| Others   | 197             | 327     | 2004         |
| Total  | ¥ 442           | ¥ 436   | \$ 4,170     |

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

|               | Millions of yen |       | Thousands of |
|---------------|-----------------|-------|--------------|
|               | 2004            | 2003  | U.S. dollars |
| Sales value   | ¥ 1,513         | ¥ 472 | \$ 14,274    |
| Gain on sales | 217             | 124   | 2,047        |
| Loss on sales | 264             | 17    | 2,491        |

#### 4. Inventories

At March 31, inventories consisted of the following:

|                            | Millions of yen |                | Thousands of<br>U.S. dollars |
|----------------------------|-----------------|----------------|------------------------------|
|                            | 2004            | 2003           | 2004                         |
| Merchandise                | ¥ 1,222         | ¥ 870          | \$ 11,528                    |
| Finished goods             | 1,326           | 2,045          | 12,509                       |
| Work in process            | 2,956           | 2,830          | 27,887                       |
| Raw materials and supplies | 4,421           | 3,848          | 41,708                       |
| Total                      | <u>¥ 9,925</u>  | <u>¥ 9,593</u> | <u>\$ 93,632</u>             |

#### 5. Short-term Loans and Long-term Debt

Short-term loans at March 31, 2004 and 2003 were principally bank overdrafts and short-term notes bearing interest at annual average rates of 3.06 per cent. and 3.68 per cent., respectively.

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

|   | Millions of yen |                 | Thousands of<br>U.S. dollars |
|---|-----------------|-----------------|------------------------------|
|   | 2004            | 2003            | 2004                         |
| 1.7 per cent. mortgage bonds due 2003       | ¥ -             | ¥ 500           | \$ -                         |
| 1.2 per cent. mortgage bonds due 2003       | -               | 500             | -                            |
| 0.95 per cent. straight bonds due 2007      | 1,500           | 1,500           | 14,151                       |
| Long-term loans, principally from banks (*) | 11,965          | 11,468          | 112,878                      |
|   | <u>13,465</u>   | <u>13,968</u>   | <u>127,029</u>               |
| Less: current portion                       | (428)           | (2,511)         | (4,038)                      |
| Total                                       | <u>¥ 13,037</u> | <u>¥ 11,457</u> | <u>\$ 122,991</u>            |

(\*) At March 31, long-term loans consisted of the following:

|   | Millions of yen |               | Thousands of<br>U.S. dollars |
|---|-----------------|---------------|------------------------------|
|   | 2004            | 2003          | 2004                         |
| Long-term portion, at annual average rates of 1.85 per cent. and 1.98 per cent., respectively | ¥ 11,537        | ¥ 9,957       | \$ 108,840                   |
| Current portion, at annual average rates of 1.12 per cent. and 2.52 per cent., respectively   | 428             | 1,511         | 4,038                        |
|   | <u>11,965</u>   | <u>11,468</u> | <u>112,878</u>               |

The aggregate annual maturities of long-term debt at March 31, 2004 were as follows:

|                       | <u>Millions of yen</u> | <u>Thousands of<br/>U.S. dollars</u> |
|-----------------------|------------------------|--------------------------------------|
| Year ending March 31, |                        |                                      |
| 2006                  | ¥ 6,298                | \$ 59,415                            |
| 2007                  | 5,200                  | 49,057                               |
| 2008                  | 591                    | 5,576                                |
| After 2009            | 948                    | 8,943                                |

At March 31, 2004, the following assets were pledged as collateral for long-term debt:

|                          | <u>Millions of yen</u> | <u>Thousands of<br/>U.S. dollars</u> |
|--------------------------|------------------------|--------------------------------------|
| Buildings and structures | ¥ 402                  | \$ 3,792                             |
| Land                     | 358                    | 3,377                                |
| Other                    | 37                     | 349                                  |

## 6.Retirement Benefit Plan

The Company and certain of its 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, was analyzed as follows:

|                                    | <u>Millions of yen</u> |                | <u>Thousands of<br/>U.S. dollars</u> |
|------------------------------------|------------------------|----------------|--------------------------------------|
|                                    | <u>2004</u>            | <u>2003</u>    | <u>2004</u>                          |
| Projected benefit obligations      | ¥ 7,959                | ¥ 16,674       | \$ 75,085                            |
| Plan assets                        | 4,195                  | 6,885          | 39,575                               |
|                                    | 3,764                  | 9,789          | 35,510                               |
| Unrecognized transition amount     | 302                    | 984            | 2,849                                |
| Unrecognized prior service cost    | (743)                  | (1,171)        | (7,009)                              |
| Unrecognized actuarial differences | 2,341                  | 7,729          | 22,085                               |
|                                    | <u>¥ 1,864</u>         | <u>¥ 2,247</u> | <u>\$ 17,585</u>                     |

(Notes: The above table of 2003 includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.)

Net pension expenses related to retirement benefits for the years ended March 31, 2004 and 2003, were as follows:

|   | Millions of yen |                | Thousands of<br>U.S. dollars |
|---|-----------------|----------------|------------------------------|
|   | 2004            | 2003           | 2004                         |
| Service cost  | ¥ 536           | ¥ 561          | \$ 5,057                     |
| Interest cost                                       | 400             | 445            | 3,774                        |
| Expected return on plan assets                      | (172)           | (257)          | (1,623)                      |
| Recognition of net transition<br>obligation expense | 492             | 492            | 4,642                        |
| Amortization of prior service cost                  | (105)           | (37)           | (991)                        |
| Amortization of actuarial differences               | 734             | 424            | 6,924                        |
| Net pension expense                                 | <u>¥ 1,885</u>  | <u>¥ 1,628</u> | <u>\$ 17,783</u>             |

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

|  | 2004                   | 2003                   |
|--|------------------------|------------------------|
| Discount rate  | 2.5%                   | 2.5%                   |
| Expected rate of return on plan assets                                 | 2.5%                   | 2.5%                   |
| Method of attributing the projected benefits<br>to periods of services | straight-line<br>basis | straight-line<br>basis |
| Amortization of transition amount                                      | 5 years                | 5 years                |
| Amortization of prior service cost                                     | 6 ~ 12 years           | 6 ~ 12 years           |
| Amortization of actuarial differences                                  | 6 ~ 12 years           | 6 ~ 12 years           |

## 7.Shareholders' Equity

The Japanese Commercial Code provides that:

- (a) Upon a resolution of the Board of Directors, appropriations of interim cash dividends and the related transfer to the legal earned reserve as described in (c) below, can be made from unappropriated retained earnings brought forward;
- (b) All other appropriations of retained earnings, including year end dividends and bonuses to directors and statutory auditors, require approval by the shareholders at the General Meeting of Shareholders; and
- (c) An amount equal to at least 10 per cent of cash dividends and other cash distributions paid by the Company from retained earnings must be appropriated from retained earnings as a legal earned reserve. No further appropriation is required when the combined amount of capital reserve and the legal earned reserve pursuant to the Japanese Commercial Code equals 25 per cent of stated capital.

Effective for the year ended March 31, 2003, the Company adopted the Statement of Financial Accounting Standard No. 1 "Accounting for Treasury Stock and Reversal of Capital and Legal Reserves" issued by the Accounting Standards Board of Japan. However, the effect on net income for the period of adopting this new statement was immaterial.

In accordance with customary practice in Japan, appropriations of retained earnings are recorded in the accounting period in which shareholders' approval is obtained. Relating to the year ended March 31, 2004, appropriation of retained earnings of the Company, which was approved at the general meeting of shareholders held on June 29, 2004, is presented below:

|   | <u>Millions of yen</u> | <u>Thousands of<br/>U.S. dollars</u> |
|---|------------------------|--------------------------------------|
| Appropriation for:                          |                        |                                      |
| Legal reserve                               | ¥       -              | \$       -                           |
| Cash dividends                              | 223                    | 2,104                                |
| Bonuses to directors and statutory auditors | 30                     | 283                                  |

### **8. Treasury Stock**

The Company acquired treasury stocks of 453,333 shares and 441,056 shares for the years ended March 31, 2004 and 2003, respectively in order to prepare principally for exercising stock options granted to certain directors and certain employees with the approval of the ordinary shareholders' meetings.

The amount of treasury stocks is stated at cost and is presented as a separate deduction from shareholders' equity.

### **9. Research and Development Expenditures**

Total research and development expenditures included in manufacturing costs and selling, general and administrative expenses amounted to ¥1,131 million (\$10,670 thousand) in the year ended March 31, 2004 and ¥984 million in the year ended March 31, 2003.

## 10. Income Taxes

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

|   | Millions of yen |                | Thousands of<br>U.S. dollars |
|---|-----------------|----------------|------------------------------|
|   | 2004            | 2003           | 2004                         |
| <b>Deferred tax assets:</b>                         |                 |                |                              |
| Accrued bonuses                                     | ¥ 364           | ¥ 371          | \$ 3,434                     |
| Accrued enterprise taxes                            | 45              | 56             | 425                          |
| Reserve for retirement benefits                     | 2,132           | 2,349          | 20,113                       |
| Unrealized earnings                                 | 99              | 172            | 934                          |
| Tax loss carryforwards                              | 743             | 880            | 7,009                        |
| Loss on setting up trust for<br>retirement benefits | 146             | 146            | 1,377                        |
| Other   | 1,537           | 2,014          | 14,500                       |
| <b>Total</b>  | <b>5,066</b>    | <b>5,988</b>   | <b>47,792</b>                |
| Valuation allowance                                 | (861)           | (580)          | (8,122)                      |
| <b>Deferred tax assets</b>                          | <b>¥ 4,205</b>  | <b>¥ 5,408</b> | <b>\$ 39,670</b>             |
| <b>Deferred tax liabilities:</b>                    |                 |                |                              |
| Gain on setting up trust for<br>retirement benefits | ¥ 616           | ¥ 616          | \$ 5,811                     |
| Other   | 482             | 48             | 4,547                        |
| <b>Total deferred tax liabilities</b>               | <b>1,098</b>    | <b>664</b>     | <b>10,358</b>                |
| <b>Net deferred tax assets</b>                      | <b>¥ 3,107</b>  | <b>¥ 4,744</b> | <b>\$ 29,312</b>             |

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

|  | 2004         | 2003         |
|--|--------------|--------------|
| Statutory tax rate   | 42.0%        | 42.0%        |
| Increase (decrease) in taxes resulting from                        |              |              |
| Permanent differences  | 12.5         | 5.4          |
| Decrease in deferred tax assets arising from<br>tax rate amendment | 2.5          | 22.5         |
| Refund of income taxes   | (49.2)       | (-)          |
| Foreign income taxes   | 14.1         | 46.0         |
| Other  | 29.8         | (39.7)       |
| <b>Effective income tax rate</b>                                   | <b>51.7%</b> | <b>76.2%</b> |

On March 31, 2003, the Japanese National Diet approved various changes to the calculation of the statutory local enterprise tax for companies with capital in excess of ¥100 million, effective April 1, 2004. Under the amended legislation, the enterprise tax will be the sum of three tax components; a) an income based component, b) a value added component and c) a capital based component, whereas there was only an "income based component" before the amendment. Concurrently, the basic tax rate for the "income based component" has been reduced from 9.6% to 7.2%. As a result of this amendment, the tax rate to be applied to deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, that are expected to reverse in the year beginning April 1, 2004 or later, decreased from 42% to 40% as at March 31, 2003. For

temporary differences that are expected to reverse in the year ending March 31, 2004, a tax rate of 42% continued to be used at that date. This resulted in a reduction in deferred tax assets at March 31, 2003 by ¥157 million, compared with the asset that would have been recognized if a tax rate of 42% had been fully applied to all temporary differences. Net income for the year ended March 31, 2003 also reduced by ¥132 million as a result of these changes in statutory local enterprise tax regulations.

## 11. Leases

Pro forma information regarding leased assets, such as acquisition cost and accumulated depreciation, under finance leases which do not transfer the ownership of the leased assets to the lessee, for the years ended March 31, 2004 and 2003 is as follows:

|   | Millions of yen |         | Thousands of<br>U.S. dollars |
|---|-----------------|---------|------------------------------|
|   | 2004            | 2003    | 2004                         |
| Structures and machinery<br>and equipment |                 |         |                              |
| Cost                                      | ¥ 657           | ¥ 1,373 | \$ 6,198                     |
| Accumulated depreciation                  | 415             | 989     | 3,915                        |
| Net amount                                | ¥ 242           | ¥ 384   | \$ 2,283                     |

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

|                     | Millions of yen |       | Thousands of<br>U.S. dollars |
|---------------------|-----------------|-------|------------------------------|
|                     | 2004            | 2003  | 2004                         |
| Due within one year | ¥ 106           | ¥ 191 | \$ 1,000                     |
| Due after one year  | 142             | 202   | 1,340                        |
|                     | ¥ 248           | ¥ 393 | \$ 2,340                     |

Total lease expenses under finance leases for the years ended March 31, 2004 and 2003 were as follows:

|                       | Millions of yen |       | Thousands of<br>U.S. dollars |
|-----------------------|-----------------|-------|------------------------------|
|                       | 2004            | 2003  | 2004                         |
| Lease rental expenses | ¥ 206           | ¥ 351 | \$ 1,943                     |
| Depreciation cost     | 195             | 330   | 1,840                        |
| Interest expense      | 6               | 10    | 57                           |

## 12. Derivative Financial Instruments

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 do not anticipate any losses resulting from default of the counterparties as they are limited to major financial institutions with sound operational foundations.

## 13. Contingent Liabilities

The Companies were contingently liable for notes discounted with banks in the ordinary course of business in the amount of ¥19 million (\$179 thousand) at March 31, 2004 and ¥7 million at March 31, 2003. In addition, the Companies were contingently liable as guarantor of borrowings, principally by non-consolidated subsidiaries, for the amount of ¥2,044 million (\$19,283 thousand) at March 31, 2004 and ¥1,776 million at March 31, 2003.

## 14. Segment Information

(a) Industry segments:

The operations of the Companies for the years ended March 31, 2004 and 2003 are summarized by business group as follows:

|                                     | Year ended March 31, 2004                        |   |  |       |                                 |          | Consoli -<br>dated |
|-------------------------------------|--|---|--|-------|---------------------------------|----------|--------------------|
|                                     | Millions of yen                                  |   |  |       |                                 |          |                    |
|                                     | Information/<br>Communi -<br>cation<br>equipment | Electronic<br>components<br>and Power<br>supplies | Electro -<br>chemical<br>materials and<br>Soldering<br>systems | Other | Corporate<br>and<br>Elimination |          |                    |
| Sales and<br>operating<br>revenue   |  |   |  |       |                                 |          |                    |
| Sales-<br>Customers                 | ¥ 8,596  | ¥ 38,360  | ¥ 27,555   | ¥ 28  | ¥ -                             | ¥ 74,539 |                    |
| Inter-segment                       | 1  | 128   | 4  | 623   | (756)                           | -        |                    |
|                                     | 8,597  | 38,488  | 27,559   | 651   | (756)                           | 74,539   |                    |
| Operating costs<br>and expenses     | 8,199  | 38,379  | 22,999   | 624   | 1,000                           | 71,201   |                    |
| Operating<br>income                 | ¥ 398  | ¥ 109   | ¥ 4,560  | ¥ 27  | ¥ (1,756)                       | ¥ 3,338  |                    |
| Identifiable<br>assets              | ¥ 4,803  | ¥ 29,976  | ¥ 29,511   | ¥ 417 | ¥ 11,306                        | ¥ 76,013 |                    |
| Depreciation<br>and<br>amortization | ¥ 108  | ¥ 923   | ¥ 874  | ¥ 1   | ¥ 262                           | ¥ 2,168  |                    |
| Capital<br>expenditures             | ¥ 119  | ¥ 1,196   | ¥ 666  | ¥ 3   | ¥ 1,024                         | ¥ 3,008  |                    |

| Year ended March 31, 2003           |  |   |  |          |                                 |                    |  |
|-------------------------------------|--|---|--|----------|---------------------------------|--------------------|--|
| Millions of yen                     |  |   |  |          |                                 |                    |  |
|                                     | Information/<br>Communi -<br>cation<br>equipment | Electronic<br>components<br>and Power<br>supplies | Electro -<br>chemical<br>materials and<br>Soldering<br>systems | Other    | Corporate<br>and<br>Elimination | Consoli -<br>dated |  |
| Sales and<br>operating<br>revenue   |  |   |  |          |                                 |                    |  |
| Sales-<br>Customers                 | ¥ 8,317  | ¥ 38,663  | ¥ 25,622   | ¥ 28     | ¥ -                             | ¥ 72,630           |  |
| Inter-segment                       | 0  | 264   | 9  | 566      | (839)                           | -                  |  |
|                                     | 8,317  | 38,927  | 25,631   | 594      | (839)                           | 72,630             |  |
| Operating costs<br>and expenses     | 7,801  | 39,138  | 21,201   | 580      | 1,137                           | 69,857             |  |
| Operating<br>income (loss)          | ¥ 516  | ¥ (211)   | ¥ 4,430  | ¥ 14     | ¥ (1,976)                       | ¥ 2,773            |  |
| Identifiable<br>assets              | ¥ 5,591  | ¥ 30,730  | ¥ 28,381   | ¥ 379    | ¥ 13,366                        | ¥ 78,447           |  |
| Depreciation<br>and<br>amortization | ¥ 96   | ¥ 1,157   | ¥ 838  | ¥ 0      | ¥ 106                           | ¥ 2,197            |  |
| Capital<br>expenditures             | ¥ 85   | ¥ 1,031   | ¥ 794  | ¥ 0      | ¥ 836                           | ¥ 2,746            |  |
| Year ended March 31, 2004           |  |   |  |          |                                 |                    |  |
| Thousands of U.S. dollars           |  |   |  |          |                                 |                    |  |
|                                     | Information/<br>Communi -<br>cation<br>equipment | Electronic<br>components<br>and Power<br>supplies | Electro -<br>chemical<br>materials and<br>Soldering<br>systems | Other    | Corporate<br>and<br>Elimination | Consoli -<br>dated |  |
| Sales and<br>operating<br>revenue   |  |   |  |          |                                 |                    |  |
| Sales-<br>Customers                 | \$ 81,094  | \$ 361,887  | \$ 259,953   | \$ 264   | \$ -                            | \$ 703,198         |  |
| Inter-segment                       | 9  | 1,208   | 38   | 5,877    | (7,132)                         | -                  |  |
|                                     | 81,103   | 363,095   | 259,991  | 6,141    | (7,132)                         | 703,198            |  |
| Operating costs<br>and expenses     | 77,349   | 362,066   | 216,972  | 5,887    | 9,433                           | 671,707            |  |
| Operating<br>income                 | \$ 3,754   | \$ 1,029  | \$ 43,019  | \$ 254   | \$ (16,565)                     | \$ 31,491          |  |
| Identifiable<br>assets              | \$ 45,311  | \$ 282,792  | \$ 278,406   | \$ 3,934 | \$ 106,661                      | \$ 717,104         |  |
| Depreciation<br>and<br>amortization | \$ 1,019   | \$ 8,708  | \$ 8,245   | \$ 9     | \$ 2,472                        | \$ 20,453          |  |
| Capital<br>expenditures             | \$ 1,123   | \$ 11,283   | \$ 6,283   | \$ 28    | \$ 9,660                        | \$ 28,377          |  |

(b)Geographic areas:

The operations of the Companies for the years ended March 31, 2004 and 2003 are summarized by geographic areas as follows:

| Year ended March 31, 2004    |                |                |                |                         |                           |                |
|------------------------------|----------------|----------------|----------------|-------------------------|---------------------------|----------------|
| Millions of yen              |                |                |                |                         |                           |                |
|                              | Japan          | Asia           | Europe         | North and South America | Corporate and Elimination | Consolidated   |
| Sales and operating revenue  |                |                |                |                         |                           |                |
| Sales- Customers             | ¥ 40,200       | ¥ 28,628       | ¥ 3,850        | ¥ 1,861                 | ¥ -                       | ¥ 74,539       |
| Inter-segment                | 6,103          | 6,706          | 128            | 17                      | (12,954)                  | -              |
|                              | <u>46,303</u>  | <u>35,334</u>  | <u>3,978</u>   | <u>1,878</u>            | <u>(12,954)</u>           | <u>74,539</u>  |
| Operating costs and expenses | <u>42,640</u>  | <u>33,829</u>  | <u>4,107</u>   | <u>1,896</u>            | <u>(11,271)</u>           | <u>71,201</u>  |
| Operating Income (loss)      | <u>¥ 3,663</u> | <u>¥ 1,505</u> | <u>¥ (129)</u> | <u>¥ (18)</u>           | <u>¥ (1,683)</u>          | <u>¥ 3,338</u> |
| Identifiable assets          | ¥ 50,569       | ¥ 24,352       | ¥ 2,445        | ¥ 600                   | ¥ (1,953)                 | ¥ 76,013       |
| Year ended March 31, 2003    |                |                |                |                         |                           |                |
| Millions of yen              |                |                |                |                         |                           |                |
|                              | Japan          | Asia           | Europe         | North and South America | Corporate and Elimination | Consolidated   |
| Sales and operating revenue  |                |                |                |                         |                           |                |
| Sales- Customers             | ¥ 39,665       | ¥ 26,456       | ¥ 3,769        | ¥ 2,740                 | ¥ -                       | ¥ 72,630       |
| Inter-segment                | 6,682          | 7,300          | 214            | 24                      | (14,220)                  | -              |
|                              | <u>46,347</u>  | <u>33,756</u>  | <u>3,983</u>   | <u>2,764</u>            | <u>(14,220)</u>           | <u>72,630</u>  |
| Operating costs and expenses | <u>42,010</u>  | <u>32,740</u>  | <u>4,660</u>   | <u>2,801</u>            | <u>(12,354)</u>           | <u>69,857</u>  |
| Operating Income (loss)      | <u>¥ 4,337</u> | <u>¥ 1,016</u> | <u>¥ (677)</u> | <u>¥ (37)</u>           | <u>¥ (1,866)</u>          | <u>¥ 2,773</u> |
| Identifiable assets          | ¥ 50,675       | ¥ 23,537       | ¥ 3,026        | ¥ 1,002                 | ¥ 207                     | ¥ 78,447       |

| Year ended March 31, 2004    |            |            |            |                         |                           |              |
|------------------------------|------------|------------|------------|-------------------------|---------------------------|--------------|
| Thousands of U.S. dollars    |            |            |            |                         |                           |              |
|                              | Japan      | Asia       | Europe     | North and South America | Corporate and Elimination | Consolidated |
| Sales and operating revenue  |            |            |            |                         |                           |              |
| Sales- Customers             | \$ 379,245 | \$ 270,076 | \$ 36,320  | \$ 17,557               | \$ -                      | \$ 703,198   |
| Inter-segment                | 57,576     | 63,264     | 1,208      | 160                     | (122,208)                 | -            |
|                              | 436,821    | 333,340    | 37,528     | 17,717                  | (122,208)                 | 703,198      |
| Operating costs and expenses | 402,264    | 319,142    | 38,745     | 17,887                  | (106,331)                 | 671,707      |
| Operating Income (loss)      | \$ 34,557  | \$ 14,198  | \$ (1,217) | \$ (170)                | \$ (15,877)               | \$ 31,491    |
| Identifiable assets          | \$ 477,066 | \$ 229,736 | \$ 23,066  | \$ 5,660                | \$ (18,424)               | \$ 717,104   |

Total amounts of exports by domestic operations and sales by overseas branches and subsidiaries for the years ended March 31, 2004 and 2003, were as follows:

| Year ended March 31, 2004                        |          |         |                         |       |          |
|--|----------|---------|-------------------------|-------|----------|
| Millions of yen                                  |          |         |                         |       |          |
|  | Asia     | Europe  | North and South America | Other | Total    |
| Export sales                                     | ¥ 32,610 | ¥ 3,850 | ¥ 2,490                 | ¥ 5   | ¥ 38,955 |
| Consolidated sales                               |          |         |                         |       | 74,539   |
| Export sales as percentage of consolidated sales | 43.8%    | 5.2%    | 3.3%                    | 0.0%  | 52.3%    |
| Year ended March 31, 2003                        |          |         |                         |       |          |
| Millions of yen                                  |          |         |                         |       |          |
|  | Asia     | Europe  | North and South America | Other | Total    |
| Export sales                                     | ¥ 30,971 | ¥ 3,876 | ¥ 3,503                 | ¥ 5   | ¥ 38,355 |
| Consolidated sales                               |          |         |                         |       | 72,630   |
| Export sales as percentage of consolidated sales | 42.7%    | 5.3%    | 4.8%                    | 0.0%  | 52.8%    |

**Year ended March 31, 2003**

**Thousands of U.S. dollars**

|   | <u>Asia</u>       | <u>Europe</u>    | <u>North and<br/>South<br/>America</u> | <u>Other</u> | <u>Total</u>      |
|---|-------------------|------------------|--|--------------|-------------------|
| <b>Export sales</b>   | <b>\$ 307,642</b> | <b>\$ 36,321</b> | <b>\$ 23,491</b>                       | <b>\$ 47</b> | <b>\$ 367,501</b> |
| <b>Consolidated sales</b>                                   |                   |                  |  |              | <b>703,198</b>    |
| <b>Export sales as percentage of<br/>consolidated sales</b> | <b>43.8%</b>      | <b>5.2%</b>      | <b>3.3%</b>                            | <b>0.0%</b>  | <b>52.3%</b>      |