

CONSOLIDATED BALANCE SHEETS

As of March 31, 2000, 1999 and 1998

ASSETS	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Current Assets:				
Cash and cash equivalents (Note 4)	¥ 99,876	¥ 89,096	¥ 88,158	\$ 940,899
Short-term investments (Notes 3, 4)	121,458	103,996	152,739	1,144,220
Receivables:				
Notes and accounts (Note 4)	347,156	402,177	437,457	3,270,435
Less: allowance for doubtful receivables	(8,098)	(12,111)	(13,423)	(76,294)
Inventories (Note 4)	206,818	225,754	252,387	1,948,364
Deferred taxes (Note 5)	14,916	—	—	140,519
Other current assets	92,419	84,456	70,008	870,652
Total Current Assets	874,548	893,370	987,329	8,238,797
Investments and Advances:				
Investments (Notes 3, 4):				
Unconsolidated subsidiaries and affiliated companies	36,685	49,726	58,880	345,599
Others	7,533	11,843	12,849	70,968
Long-term loans	21,566	23,219	11,461	203,169
Deferred taxes (Note 5)	58,813	—	—	554,057
Other investments and advances	54,053	54,366	56,890	509,217
Less: allowance for doubtful accounts	(11,303)	(6,019)	(4,220)	(106,482)
Total Investments and Advances	167,348	133,136	135,862	1,576,529
Property, Plant and Equipment (Note 4):				
Land	316,400	147,756	139,560	2,980,692
Buildings and structures	267,312	257,659	263,334	2,518,257
Machinery and equipment	876,125	872,683	862,996	8,253,658
Construction in progress	28,278	12,642	14,333	266,398
Less: accumulated depreciation	(715,276)	(705,394)	(682,161)	(6,738,351)
Net Property, Plant and Equipment	772,841	585,347	598,063	7,280,655
Other Assets	9,172	1,808	1,434	86,413
Translation Adjustments	19,142	13,638	8,167	180,336
Total Assets	¥1,843,053	¥1,627,302	¥1,730,857	\$17,362,731

See accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Current Liabilities:				
Bank loans	¥ 493,745	¥ 501,147	¥ 515,504	\$ 4,651,389
Current portion of bonds	30,000	—	37,550	282,618
Commercial paper	15,000	5,600	36,800	141,309
Notes and accounts payable	320,515	269,827	359,594	3,019,459
Accrued expenses	77,493	76,190	78,393	730,040
Accrued income taxes (Note 5)	1,292	1,166	9,774	12,180
Deposits received	28,905	29,051	31,556	272,309
Deferred tax current liabilities (Note 5)	69	—	—	655
Other current liabilities	45,844	59,785	72,430	432,543
Total Current Liabilities	1,012,867	942,768	1,141,573	9,541,852
Long-Term Debt (Note 4)	444,543	458,958	418,558	4,187,875
Accrued Retirement and Severance Benefits	115,547	22,296	22,518	1,088,531
Deferred Tax Liabilities (Note 5)	6,592	—	—	62,102
Deferred Tax Liabilities Related to Land Revaluation (Note 7)	68,024	—	—	640,836
Other Long-Term Liabilities	17,534	18,927	20,621	165,187
Minority Interest	8,605	6,579	5,370	81,073
Contingent Liabilities (Note 9)				
Shareholders' Equity:				
Common stock, par value ¥50 (Note 6)				
Authorized: 3,000,000,000 shares				
Issued: 2000 and 1999: 1,263,246,218 shares				
1998: 1,030,746,218 shares	89,619	89,619	63,346	844,272
Capital surplus (Note 6)	99,212	99,212	72,939	934,643
Legal reserve (Note 8)	—	—	9,207	—
Variance of land revaluation (Note 7)	102,292	—	—	963,663
Accumulated deficit	(121,785)	(11,058)	(23,277)	(1,147,298)
Less: treasury stock, at cost	(0)	(2)	(0)	(9)
Total Shareholders' Equity	169,338	177,771	122,215	1,595,272
Total Liabilities and Shareholders' Equity	¥1,843,053	¥1,627,302	¥1,730,857	\$17,362,731

CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2000, 1999 and 1998

	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Net Sales	¥1,506,642	¥1,619,101	¥1,799,604	\$14,193,519
Cost of Sales	1,297,291	1,321,173	1,477,742	12,221,306
Gross Profit	209,350	297,928	321,861	1,972,212
Selling, General and Administrative Expenses (Note 5, 10)	260,147	288,747	307,046	2,450,755
Operating Income (Loss)	(50,797)	9,180	14,815	(478,542)
Other Income (Expenses):				
Interest and dividend income	4,902	4,934	4,819	46,186
Gain on sales of marketable securities	4,371	5,325	4,650	41,185
Interest expense	(21,924)	(21,075)	(19,015)	(206,544)
Amortization of consolidation difference	–	49	57	–
Equity in earnings of unconsolidated subsidiaries and affiliates	(900)	(608)	5,686	(8,487)
Others, net	(3,699)	(3,591)	(659)	(34,849)
Income (Loss) before Special Items	(68,047)	(5,784)	10,354	(641,051)
Special Items:				
Gain on sales or disposal of property, plant and equipment, net	27,097	38,651	19,403	255,271
Gain on sales of investments	1,192	8,343	15,405	11,238
Loss on revaluation of investments	(7,333)	(6,559)	(12,513)	(69,085)
Retirement reserve provision of past years	(93,526)	–	–	(881,076)
Others, net	(10,320)	(18,538)	(6,028)	(97,227)
Income (Loss) before Income Taxes	(150,937)	16,111	26,621	(1,421,930)
Income Taxes (Note 5):				
Current	1,876	3,393	17,910	17,677
Deferred	(47,640)	6,485	1,526	(448,805)
Minority Interests in Income of				
Consolidated Subsidiaries	987	3	(1,144)	9,299
Net Income (Loss)	¥ (104,186)	¥ 6,235	¥ 6,039	\$ (981,503)
		Yen		U.S. Dollars
Net Income (Loss) per Share	¥(82.48)	¥5.94	¥5.86	\$(0.78)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the years ended March 31, 2000, 1999, 1998 and 1997

	Millions of Yen				Thousands of U.S. Dollars
	2000	1999	1998	1997	2000
Common Stock:					
Balance at beginning of the year	¥ 89,619	¥ 63,346	¥ 63,346	¥ 63,346	\$ 844,272
Add:					
Capital increase	—	26,272	—	—	—
Balance at end of the year	¥ 89,619	¥ 89,619	¥ 63,346	¥ 63,346	\$ 844,272
Capital Surplus:					
Balance at beginning of the year	¥ 99,212	¥ 72,939	¥ 72,939	¥ 72,939	\$ 934,643
Add:					
Capital increase	—	26,272	—	—	—
Balance at end of the year	¥ 99,212	¥ 99,212	¥ 72,939	¥ 72,939	\$ 934,643
Legal Reserve:					
Balance at beginning of the year	¥ —	¥ 9,207	¥ 8,680	¥ 7,897	\$ —
Add:					
Transfer from retained earnings	—	—	526	782	—
Deduct:					
Transfer to retained earnings	—	(9,207)	—	—	—
Balance at end of the year	¥ —	—	¥ 9,207	¥ 8,680	\$ —
Variance of Land Revaluation					
Balance at beginning of the year	¥ —	¥ —	¥ —	¥ —	\$ —
Add:					
Land revaluation	102,292	—	—	—	963,663
Balance at end of the year	¥ 102,292	¥ —	¥ —	¥ —	\$ 963,663
Accumulated Deficit:					
Balance at beginning of the year	¥ (11,058)	¥(23,277)	¥(28,498)	¥(30,660)	\$ (104,176)
Add:					
Net income	—	6,235	6,039	9,582	—
Transfer from legal reserve	—	9,207	—	—	—
Other	2,555	1,304	5,460	2,437	24,078
Deduct:					
Net loss	(104,186)	—	—	—	(981,503)
Cash dividends paid	—	(2,576)	(5,153)	(7,730)	—
Transfer to legal reserve	—	—	(526)	(782)	—
Other	(9,096)	(1,951)	(600)	(1,344)	(85,696)
Balance at end of the year	¥(121,785)	¥(11,058)	¥(23,277)	¥(28,498)	\$ (1,147,298)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2000, 1999 and 1998

	Millions of Yen			Thousands of U.S. Dollars
	2000	1999	1998	2000
Cash Flows from Operating Activities:				
Net income (loss)	¥(104,186)	¥ 6,235	¥ 6,039	\$ (981,503)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	93,444	95,841	93,260	880,302
Equity in earnings of affiliated companies, less dividends	900	608	(5,686)	8,487
Gain on sales or disposal of property, plant and equipment, net	(27,097)	(38,651)	(19,403)	(255,271)
Provision for doubtful accounts, net	(2,754)	1,598	(1,581)	(25,952)
Loss (Gain) on revaluation of investments, net	4,053	4,856	(371)	38,189
Gain on sales of investments	(5,497)	(10,478)	(20,056)	(51,794)
Other	39,142	(2,618)	(8,272)	368,746
Changes in operating assets and liabilities net of effects from the addition of consolidated companies:				
Decrease (Increase) in receivables	28,429	36,656	45,436	267,821
Decrease (Increase) in inventories	12,322	21,477	(37,665)	116,089
Decrease (Increase) in other current assets	(8,739)	(10,627)	3,426	(82,331)
Increase (Decrease) in notes and accounts payable	53,496	(87,734)	(28,932)	503,973
Increase (Decrease) in accrued expenses and taxes	(2,299)	(6,287)	2,399	(21,662)
Increase (Decrease) in deposits received	(1,419)	(6,351)	5,306	(13,370)
Increase (Decrease) in other liabilities	(14,851)	(8,751)	19,539	(139,911)
Net Cash Provided by Operating Activities	64,942	(4,227)	53,439	611,812
Cash Flows from Investing Activities:				
Proceeds from sales of investments	16,817	31,705	40,014	158,429
Payments for purchase of securities	(21,656)	(33,083)	(43,265)	(204,013)
Payments for property, plant and equipment	(110,610)	(109,282)	(126,515)	(1,042,017)
Proceeds from sales of property, plant and equipment	58,810	65,500	44,121	554,029
Other	7,867	(9,855)	(5,782)	74,114
Net Cash Used in Investing Activities	(48,771)	(55,015)	(91,426)	(459,458)
Cash Flows from Financing Activities				
Proceeds from long-term debt	226,352	151,439	126,099	2,132,382
Payments of long-term debt	(229,058)	(110,906)	(113,753)	(2,157,876)
Proceeds from issuance of common stock	–	52,545	–	–
Increase in short-term debt	7,305	(84,498)	54,612	68,820
Dividends paid	–	(2,585)	(5,153)	–
Net Cash Provided by Financing Activities	4,600	5,994	61,805	43,326
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3,948)	(2,327)	558	(37,199)
Increase in Cash and Cash Equivalents from the Addition of Consolidated Companies	8,934	3,658	8,673	84,169
Net Increase (Decrease) in Cash and Cash Equivalents	25,757	(51,918)	33,051	242,649
Cash and Cash Equivalents at Beginning of the Year	131,827	183,745	55,107	1,241,896
Cash and Cash Equivalents at End of the Year	¥ 157,584	¥131,827	¥88,158	\$1,484,546
Supplemental Cash Flow Information				
Cash payments during the year for				
Interest	¥ 22,414	¥ 19,411	¥19,739	\$211,160
Income taxes	1,607	10,983	15,985	15,140