Financial Statements

Years ended March 31,2002 and 2003

Contents

Yodogawa Steel Works, Ltd.

Consolidated Financial Statements

Yodogawa Steel Works, Ltd.

Years ended March 31, 2002 and 2003
with Report of Independent Auditors

Report of Independent Auditors

The Board of Directors
Yodogawa Steel Works, Ltd.

We have audited the accompanying consolidated balance sheets of Yodogawa Steel Works, Ltd. as of March 31, 2002 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion independently on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yodogawa Steel Works, Ltd. and consolidated subsidiaries at March 31, 2002 and 2003, and the consolidated results of their operations and cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

As described in Note 1(f) to the consolidated financial statements, Yodogawa Steel Works, Ltd. has changed its method of accounting for the valuation of finished goods, work-in-process and raw materials of steel sheets, building materials and raw materials for rolls from the last-in, first-out method to the average cost method effective the year ended March 31, 2003 in the preparation of its consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

June 27, 2003

Shin Nihon & Co.

See Note 1 which explains the basis of preparation of the consolidated financial statements of Yodogawa Steel Works, Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

Yodogawa Steel Works, Ltd.

Consolidated Balance Sheets

March 31, 2002 and 2003

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Assets			
Current assets:			
Cash and cash equivalents	¥ 18,208	¥ 17,487	$ 145,483
Short-term investments	1,447	247	2,055
Marketable securities *(Note 3)*	3,302	3,260	27,121
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	10,517	2,215	18,428
Trade	24,816	31,564	262,596
Less allowance for doubtful receivables	(83)	(213)	(1,772)
Inventories	29,315	22,582	187,870
Deferred income taxes *(Note 6)*	873	2,012	16,739
Other current assets	3,515	3,518	29,267
Total current assets	91,910	82,672	687,787
Property, plant and equipment *(Note 4)*:			
Land *(Note 8)*	23,472	24,169	201,073
Buildings and structures	53,862	53,258	443,078
Machinery, equipment and vehicles	135,150	125,612	1,045,025
Construction in progress	861	3,032	25,225
Less accumulated depreciation	(135,971)	(132,366)	(1,101,215)
Property, plant and equipment, net	77,374	73,705	613,186
Investments and other assets:			
Investments in securities *(Notes 3 and 4)*	20,694	16,213	134,884
Investments in and advances to unconsolidated subsidiaries and affiliates	3,323	3,136	26,090
Deferred income taxes *(Note 6)*	999	1,431	11,905
Other assets	3,384	2,665	22,171
Total investments and other assets	28,400	23,445	195,050
Total assets	¥ 197,684	¥ 179,822	$ 1,496,023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2002	2003	2003
Liabilities, minority interests and shareholders' equity			
Current liabilities:			
Short-term bank loans *(Note 4)*	¥ 12,897	¥ 7,989	$ 66,464
Current portion of long-term debt *(Note 4)*	5,228	1,100	9,151
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	668	557	4,634
Trade	15,526	14,739	122,621
Construction	1,160	1,297	10,790
Accrued expenses	3,889	2,939	24,451
Accrued income taxes *(Note 6)*	399	755	6,281
Allowance for loss on restructuring	568	–	–
Other current liabilities	3,230	2,484	20,666
Total current liabilities	43,565	31,860	265,058
Long-term liabilities:			
Long-term debt *(Note 4)*	1,100	–	–
Deferred income taxes on land revaluation reserve *(Notes 6 and 8)*	765	721	5,998
Accrued retirement benefits *(Note 5)*	8,590	7,528	62,629
Guarantee deposits *(Note 4)*	4,626	4,283	35,632
Other long-term liabilities	571	677	5,633
Total long-term liabilities	15,652	13,209	109,892
Minority interests	12,215	11,889	98,910
Contingent liabilities *(Note 11)*			
Shareholders' equity *(Note 7)*:			
Common stock:			
Authorized: 753,814,067 shares in 2002 and 2003			
Issued: 184,186,153 shares in 2002 and 2003	23,221	23,221	193,186
Capital surplus	23,613	23,611	196,431
Land revaluation reserve *(Note 8)*	1,139	929	7,729
Retained earnings *(Note 15)*	76,884	77,258	642,746
Unrealized holding gain on securities	3,721	1,230	10,233
Translation adjustments	(845)	(2,087)	(17,363)
Treasury stock, at cost – 4,951,692 shares in 2002 and 6,916,693 shares in 2003	(1,481)	(1,298)	(10,799)
Total shareholders' equity	126,252	122,864	1,022,163
Total liabilities, minority interests and shareholders' equity	¥197,684	¥179,822	$1,496,023

See accompanying notes to consolidated financial statements.

Yodogawa Steel Works, Ltd.

Consolidated Statements of Operations

Years ended March 31, 2002 and 2003

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Net sales	¥ 145,071	¥147,124	$1,223,993
Cost of sales	124,702	123,248	1,025,357
Gross profit	20,369	23,876	198,636
Selling, general and administrative expenses (*Note 9)*	18,538	16,752	139,368
Operating income	1,831	7,124	59,268
Other income (expenses):			
Interest and dividend income	562	529	4,401
Interest expense	(581)	(325)	(2,704)
Gain on sales of securities	19	1,765	14,684
Impairment loss on securities *(Note 3)*	(4,974)	(1,594)	(13,261)
(Loss) gain on sales or disposal of property, plant and equipment, net	(310)	45	374
Loss on disposal of inventories	(613)	–	–
Equity in loss of an affiliate	(1)	(165)	(1,373)
Restructuring charges	–	(1,369)	(11,389)
Provision for business closing costs	(568)	–	–
Cumulative effect of changes in method of inventory valuation	–	(2,038)	(16,955)
Other, net	(690)	(16)	(133)
(Loss) income before income taxes and minority interests	(5,325)	3,956	32,912
Income taxes *(Note 6)*:			
Current	354	743	6,181
Deferred	(2,484)	186	1,548
	(2,130)	929	7,729
(Loss) income before minority interests	(3,195)	3,027	25,183
Minority interests in earnings of consolidated subsidiaries	(560)	(1,802)	(14,992)
Net (loss) income	¥ (3,755)	¥ 1,225	$ 10,191

See accompanying notes to consolidated financial statements.

Yodogawa Steel Works, Ltd.

Consolidated Statements of Shareholders' Equity

Years ended March 31, 2002 and 2003

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Common stock			
Balance at beginning and end of the year	¥23,221	¥23,221	$193,186
Capital surplus			
Balance at beginning of the year	¥23,612	¥23,613	$196,448
Add:			
Transfer from retained earnings	1	–	–
Deduct:			
Transfer to retained earnings	–	(2)	(17)
Balance at end of the year	¥23,613	¥23,611	$196,431
Land revaluation reserve ***(Note 8)***			
Balance at beginning of the year	¥ 544	¥ 1,139	$ 9,476
Net change during the year	595	(210)	(1,747)
Balance at end of the year	¥ 1,139	¥ 929	$ 7,729
Retained earnings			
Balance at beginning of the year	¥86,883	¥76,884	$639,634
Add:			
Net income	–	1,225	10,191
Reversal of land revaluation reserve	144	37	308
Transfer from capital surplus	–	2	17
Increase resulting from change in ownership ratio of an affiliate	–	203	1,689
Deduct:			
Net loss	(3,755)	–	–
Decrease resulting from initial inclusion of a subsidiary in consolidation	(142)	–	–
Cash dividends paid	(1,342)	(1,070)	(8,902)
Bonuses to directors and statutory auditors	(66)	(14)	(116)
Bonuses to employees of an overseas subsidiary	(14)	(9)	(75)
Transfer to capital surplus	(1)	–	–
Retirement of treasury stock	(4,823)	–	–
Balance at end of the year	¥76,884	¥77,258	$642,746
Unrealized holding gain on securities ***(Note 3)***			
Balance at beginning of the year	¥ –	¥ 3,721	$ 30,957
Net change during the year	3,721	(2,491)	(20,724)
Balance at end of the year	¥ 3,721	¥ 1,230	$ 10,233
Translation adjustments			
Balance at beginning of the year	¥(1,905)	¥ (845)	$ (7,030)
Net change during the year	1,060	(1,242)	(10,333)
Balance at end of the year	¥ (845)	¥(2,087)	$(17,363)

See accompanying notes to consolidated financial statements.

Yodogawa Steel Works, Ltd.

Consolidated Statements of Cash Flows

Years ended March 31, 2002 and 2003

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Cash flows from operating activities:			
(Loss) income before income taxes and minority interests	¥ (5,325)	¥ 3,956	$ 32,912
Adjustments for:			
Depreciation and amortization	7,744	6,775	56,364
Amortization of goodwill arising from consolidation	(41)	(30)	(250)
Equity in loss of an affiliate	1	165	1,373
Impairment loss on securities	4,974	1,594	13,261
Decrease in accrued retirement benefits	(771)	(952)	(7,920)
Decrease in accrued bonuses	(44)	(29)	(241)
Decrease in allowance for doubtful receivables	(619)	(196)	(1,631)
Interest and dividend income	(562)	(529)	(4,401)
Interest expense	581	325	2,704
Gain on sales of securities	(19)	(1,765)	(14,684)
Loss (gain) on sales or disposal of property, plant and equipment, net	310	(45)	(374)
Restructuring charges	–	1,369	11,389
Provision for business closing costs	568	–	–
Decrease in notes and accounts receivable	12,424	1,239	10,308
Decrease in inventories	4,404	6,311	52,504
Decrease in notes and accounts payable	(10,532)	(675)	(5,616)
Bonus payments to directors, statutory auditors and employees of an overseas subsidiary	(80)	(23)	(191)
Other	824	(767)	(6,381)
Subtotal	13,837	16,723	139,126
Interest and dividends received	567	529	4,401
Interest paid	(586)	(319)	(2,654)
Additional retirement benefits paid	–	(1,253)	(10,424)
Income taxes paid	(402)	(347)	(2,887)
Other	(277)	–	–
Net cash provided by operating activities	¥ 13,139	¥15,333	$ 127,562

Yodogawa Steel Works, Ltd.

Consolidated Statements of Cash Flows (continued)

Years ended March 31, 2002 and 2003

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Cash flows from investing activities:			
Increase in time deposits with a maturity of more than three months	¥ (4,445)	¥ (1,525)	$ (12,687)
Proceeds from time deposits with a maturity of more than three months	3,463	2,725	22,671
Purchases of marketable securities	(3,399)	(10,497)	(87,330)
Proceeds from sales of marketable securities	3,822	12,397	103,136
Purchases of property, plant and equipment	(4,113)	(4,957)	(41,240)
Proceeds from sales of property, plant and equipment	471	441	3,669
Purchases of other assets	(40)	(23)	(191)
Purchases of investments in securities	(1,031)	(6,743)	(56,098)
Proceeds from sales of investments in securities	174	4,504	37,471
Increase in loans receivable	(464)	(1,414)	(11,764)
Collection of loans receivable	473	709	5,899
Other	8	19	158
Net cash used in investing activities	(5,081)	(4,364)	(36,306)
Cash flows from financing activities:			
Decrease in short-term bank loans	(2,421)	(4,592)	(38,203)
Proceeds from long-term loans	200	–	–
Repayment of long-term loans	(5,740)	(228)	(1,897)
Redemption of bonds	–	(5,000)	(41,597)
Purchases of treasury stock	(4,331)	(51)	(424)
Cash dividends paid to the Company's shareholders	(1,342)	(1,070)	(8,902)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(676)	(557)	(4,634)
Other	2	(35)	(291)
Net cash used in financing activities	(14,308)	(11,533)	(95,948)
Effect of exchange rate changes on cash and cash equivalents	145	(157)	(1,306)
Net decrease in cash and cash equivalents	(6,105)	(721)	(5,998)
Cash and cash equivalents at beginning of the year	24,313	18,208	151,481
Cash and cash equivalents at end of the year	¥ 18,208	¥ 17,487	$ 145,483

See notes to consolidated financial statements.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements

March 31, 2003

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The accompanying consolidated financial statements of Yodogawa Steel Works, Ltd. (the "Company") and its consolidated subsidiaries have been prepared in accordance with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan, and have been compiled from those prepared by the Company as required under the Securities and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications of previously reported amounts have been made to the consolidated financial statements for the year ended March 31, 2002 to conform them to the 2003 presentation. Such reclassifications had no effect on consolidated net loss or shareholders' equity.

(b) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries over which substantial control is exerted through either majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

Investment in an affiliate (a company over which the Company has the ability to exercise significant influence) is stated at cost plus equity in its undistributed earnings or loss. Consolidated net income includes the Company's equity in the current net income or loss of this company after the elimination of unrealized intercompany profits.

All assets and liabilities of the consolidated subsidiaries are revalued on acquisition, if applicable. The difference, not significant in amount, between the cost of investments in subsidiaries and the equity in their net assets at their respective dates of acquisition is charged to income as incurred or amortized over a period of five years on a straight-line basis.

The financial statements of one consolidated subsidiary whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year after making the appropriate adjustments for significant transactions during the period from its fiscal year end to the Company's balance sheet date.

1. Summary of Significant Accounting Policies (continued)

(c) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Other assets and liabilities denominated in foreign currencies are translated at their historical rates. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange loss and gain are charged or credited to income.

The balance sheet accounts of the foreign consolidated subsidiary (except for shareholders' equity) are translated into yen at the rates of exchange in effect at the balance sheet date. Components of shareholders' equity are translated at their respective historical rates of exchange. Revenue and expense accounts are translated into yen at the average rate of exchange in effect during the year.

Translation adjustments have been presented as a component of shareholders' equity and minority interests in consolidated subsidiaries in the accompanying consolidated financial statements.

(d) Cash Equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of changes in their value and which were purchased with an original maturity of three months or less.

(e) Securities

The accounting standard for financial instruments requires that securities other than those of subsidiaries and affiliates be classified into three categories: trading securities, held-to-maturity debt securities or other securities. Under this standard, trading securities are carried at fair value and gain and loss, both realized and unrealized, are charged to income. Held-to-maturity debt securities are carried at their amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

1. Summary of Significant Accounting Policies (continued)

(f) Inventories

Up to the year ended March 31, 2002, inventories at the Company were stated at cost determined principally by the last-in, first-out method.

Effective April 1, 2002, the Company changed its method of accounting for the valuation of finished goods, work-in-process and raw materials of steel sheets, building materials and raw materials for rolls from the last-in, first-out method to the average cost method. This change was made to mitigate the impact of material fluctuation in the purchase prices of raw materials and to minimize the difference between the book and market value of these inventories. The effect of this change was to decrease inventories at March 31, 2003 by ¥901 million ($7,496 thousand), to increase operating income for the year then ended by ¥1,137 million ($9,459 thousand) and to decrease income before income taxes and minority interests for the year then ended by ¥901 million ($7,496 thousand) by recognizing the cumulative effect of the change in inventory valuation of ¥2,038 million ($16,955 thousand) for the year then ended.

Inventories at the overseas consolidated subsidiary are stated at the lower of cost or market, cost being determined by the moving average method.

(g) Property, Plant and Equipment and Depreciation

Depreciation of property, plant and equipment is calculated by the declining-balance method over the useful lives of the respective assets, except that the straight-line method is applied to buildings (except for structures attached to the buildings) acquired subsequent to April 1, 1998.

Depreciation of property, plant and equipment at the overseas consolidated subsidiary is calculated by the straight-line method.

The useful lives adopted for calculating depreciation are principally as follows:

Buildings and structures	3 to 60 years
Machinery, equipment and vehicles	3 to 36 years

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

1. Summary of Significant Accounting Policies (continued)

(h) Intangible Assets

Intangible assets are stated on the basis of cost. Amortization is calculated by the straight-line method over the useful lives of the respective assets.

(i) Allowance for Doubtful Receivables

The Company and its consolidated subsidiaries provide an allowance for doubtful receivables at an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

(j) Research and Development Costs and Computer Software

Research and development costs are charged to income as incurred.

Expenditures relating to the development of computer software intended for internal use are charged to income when incurred, unless these are deemed to contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their estimated useful life of five years.

(k) Leases

The Company and its consolidated subsidiaries lease certain equipment under noncancelable leases referred to as finance leases. Finance leases other than those which transfer the ownership of the leased property to the lessee are accounted for as operating leases.

(l) Income Taxes

Deferred income taxes are provided for temporary differences between the balances of assets and liabilities for financial reporting purposes and the corresponding balances for tax reporting purposes.

(m) Provision for Business Closing Costs

At March 31, 2002, the Company has provided a provision for business closing costs arising from the discontinuation of its household articles business at an estimate of the loss to be incurred.

1. Summary of Significant Accounting Policies (continued)

(n) Retirement Benefits

Employees of the Company and its consolidated subsidiaries are covered by employees' retirement benefit and employees' pension plans. The employees' retirement benefit plans provide for a lump-sum payment determined by reference to the basic salary, length of service and conditions under which the termination occurs. The employees' pension plans, which are funded non-contributory plans, partially cover the benefits under the employees' retirement benefit plans to employees who retire after fifteen or more years of service.

Accrued retirement benefits for employees are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated remaining years of service of the eligible employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized principally by the straight-line method over 10 years, which is within the estimated average remaining years of service of the eligible employees.

Prior service cost is being amortized as incurred by the straight-line method over 15 years, which is within the estimated average remaining years of service of the eligible employees.

The directors and statutory auditors of the Company and its domestic consolidated subsidiaries are customarily entitled to lump-sum payments under the unfunded retirement benefit plans. The provision for retirement benefits for directors and statutory auditors has been made at an estimated amount based on the Company's or each consolidated subsidiary's internal rules.

(o) Hedge Accounting

Gain or loss on derivatives designed as hedging instruments is deferred until the gain or loss on the underlying hedged item is recognized. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt and others. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates.

(p) Appropriation of Retained Earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the stockholders at a general meeting held subsequent to the close of the financial period and the accounts for that period do not, therefore, reflect such appropriations.

2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥120.20 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2003. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. Securities

Marketable securities classified as held-to-maturity debt securities at March 31, 2002 and 2003 are summarized as follows:

	2002		
	Millions of yen		
	Carrying value	Estimated fair value	Unrealized holding gain (loss)
Securities whose fair value exceeds their carrying value:			
Government bonds	¥ 31	¥ 31	¥ 0
Securities whose fair value does not exceed their carrying value:			
Government bonds	65	64	(1)
Other	2,341	2,294	(47)
	2,406	2,358	(48)
Total	¥2,437	¥2,389	¥ (48)

	2003		
	Millions of yen		
	Carrying value	Estimated fair value	Unrealized holding gain (loss)
Securities whose fair value exceeds their carrying value:			
Government bonds	¥ 86	¥ 91	¥ 5
Other	600	600	0
	686	691	5
Securities whose fair value does not exceed their carrying value:			
Government bonds	10	10	(0)
Corporate bonds	500	442	(58)
Other	172	149	(23)
	682	601	(81)
Total	¥1,368	¥1,292	¥ (76)

3. Securities (continued)

	2003		
	Thousands of U.S. dollars		
	Carrying value	Estimated fair value	Unrealized holding gain (loss)
Securities whose fair value exceeds their carrying value:			
Government bonds	$ 715	$ 757	$ 42
Other	4,992	4,992	0
	5,707	5,749	42
Securities whose fair value does not exceed their carrying value:			
Government bonds	83	83	(0)
Corporate bonds	4,160	3,677	(483)
Other	1,431	1,240	(191)
	5,674	5,000	(674)
Total	$11,381	$10,749	$(632)

Other securities with determinable market value at March 31, 2002 and 2003 are summarized as follows:

	2002		
	Millions of yen		
	Acquisition costs	Estimated fair value	Unrealized holding gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities	¥ 8,979	¥ 16,100	¥ 7,121
Corporate bonds	100	101	1
Other	900	911	11
	9,979	17,112	7,133
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	2,503	2,137	(366)
Corporate bonds	1,002	885	(117)
Other	401	324	(77)
	3,906	3,346	(560)
Total	¥13,885	¥ 20,458	¥ 6,573

3. Securities (continued)

	2003		
	Millions of yen		
	Acquisition costs	Estimated fair value	Unrealized holding gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities	¥ 6,116	¥ 8,921	¥ 2,805
Corporate bonds	301	301	0
	6,417	9,222	2,805
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	3,418	2,902	(516)
Corporate bonds	901	900	(1)
Other bonds	322	322	(0)
Other	499	330	(169)
	5,140	4,454	(686)
Total	¥11,557	¥ 13,676	¥ 2,119

	2003		
	Thousands of U.S. dollars		
	Acquisition costs	Estimated fair value	Unrealized holding gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities	$50,882	$ 74,218	$23,336
Corporate bonds	2,504	2,504	0
	53,386	76,722	23,336
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	28,436	24,143	(4,293)
Corporate bonds	7,496	7,488	(8)
Other bonds	2,679	2,679	(0)
Other	4,151	2,745	(1,406)
	42,762	37,055	(5,707)
Total	$96,148	$113,777	$17,629

3. Securities (continued)

Sales of securities classified as other securities for the years ended March 31, 2002 and 2003 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Sales	¥ 209	¥ 3,137	$26,098
Aggregate gain	19	1,765	14,684
Aggregate loss	0	1	8

The carrying value of other securities without determinable market value at March 31, 2002 and 2003 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Non-marketable equity securities	¥1,100	¥ 829	$ 6,897
Money management funds included in cash and cash equivalents	1,532	894	7,438
Free financial funds	–	1,000	8319
Preferred stock	–	1,100	9,151
Preferred subscription certificates	–	1,500	12,479

The Company and its consolidated subsidiaries recorded an impairment loss on securities of ¥4,974 million and ¥1,594 million ($13,261 thousand) for the years ended March 31, 2002 and 2003, respectively. At the year end, the Company and its consolidated subsidiaries compare the market value and carrying value of their marketable equity securities and record an impairment loss on those whose market value shows a substantial decline of 50% or more, or those whose decline is within a range of 30% or more, but less than 50%, and is not deemed recoverable.

3. Securities (continued)

The redemption schedule for other securities with maturities and held-to-maturity debt securities as of March 31, 2003 is summarized as follows:

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Government bonds	¥ –	¥26	¥ 60	¥ –
Corporate bonds	1,200	–	–	500
Other debt securities	1,030	40	–	–
Other	–	–	1,500	1,000
Total	¥ 2,230	¥66	¥ 1,560	¥ 1,500

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Government bonds	$ –	$ 216	$ 499	$ –
Corporate bonds	9,983	–	–	4,160
Other debt securities	8,569	333	–	–
Other	–	–	12,479	8,319
Total	$18,552	$ 549	$12,978	$ 12,479

4. Short-Term Bank Loans, Long-Term Debt and Guarantee Deposits

Short-term bank loans at March 31, 2002 and 2003 represented overdrafts and notes payable to banks. At March 31, 2002, overdrafts and notes payable to banks amounted to ¥12,797 million at an annual interest rate of approximately 1.27% and ¥100 million at an annual interest rate of approximately 1.375%, respectively. At March 31, 2003, overdrafts amounted to ¥7,989 million ($66,464 thousand) at an annual interest rate of approximately 0.798%.

4. Short-Term Bank Loans, Long-Term Debt and Guarantee Deposits (continued)

Long-term debt at March 31, 2002 and 2003 was as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
1.8% unsecured bonds, payable in yen, due 2003	¥ 5,000	¥ –	$ –
Unsecured loans from banks and an insurance company, due 2004 at an average interest rate of 2.1%	1,328	1,100	9,151
	6,328	1,100	9,151
Less current portion	(5,228)	(1,100)	(9,151)
	¥ 1,100	¥ –	$ –

All long-term debt at March 31, 2003 is scheduled to mature during the year ending March 31, 2004.

The assets pledged as collateral for short-term bank loans of ¥1,034 million ($8,602 thousand) and other current liabilities of ¥42 million ($349 thousand) at March 31, 2003 were as follows:

	Millions of yen	*Thousands of U.S. dollars*
Buildings and structures	9,078	75,524
Machinery, equipment and vehicles	13,101	108,993
Land	2,897	24,102
Other	867	7,213
Investments in securities	50	416
	¥25,993	$216,248

Buildings and structures, machinery, equipment and vehicles, land and other presented in the above table were pledged as foundation mortgages for short-term bank loans of ¥1,034 million ($8,602 thousand) at March 31, 2003.

Guarantee deposits consisted of interest-free deposits, which were mainly golf membership deposits, and interest-bearing deposits, which were principally from customers at annual interest rates of approximately 2.01% and 0.61% at March 31, 2002 and 2003, respectively. Interest-free deposits and interest-bearing deposits at March 31 2002, and 2003 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Interest-free deposits	¥ 4,266	¥ 3,895	$ 32,404
Interest-bearing deposits	360	388	3,228
	¥ 4,626	¥ 4,283	$ 35,632

4. Short-Term Bank Loans, Long-Term Debt and Guarantee Deposits (continued)

The aggregate annual maturities of guarantee deposits subsequent to March 31, 2003 are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2004	¥ 3	$ 25
2005	3	25
2006	2	17
2007	–	–
2008	–	–
2009 and thereafter	4,275	35,565
	¥ 4,283	$35,632

All interest-bearing deposits are scheduled to mature during the years ending March 31, 2009 and thereafter.

5. Retirement Benefits

The funded and accrued status of the employees' defined benefit plans of the Company and its consolidated subsidiaries, and the amounts recognized in the consolidated balance sheets at March 31, 2002 and 2003 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Retirement benefit obligation	¥(14,642)	¥(13,631)	$(113,403)
Plan assets at fair value	4,998	4,038	33,594
Unfunded retirement benefit obligation	(9,644)	(9,593)	(79,809)
Unrecognized actuarial loss	2,173	3,221	26,797
Unrecognized prior service cost	48	36	300
Net retirement benefit obligation	(7,423)	(6,336)	(52,712)
Prepaid pension cost	606	557	4,634
Accrued retirement benefits	¥ (8,029)	¥ (6,893)	$ (57,346)

As allowed under the accounting standard for retirement benefits, certain domestic consolidated subsidiaries calculate accrued retirement benefits for their employees by simplified methods.

5. Retirement Benefits (continued)

The components of retirement benefit expenses for the years ended March 31, 2002 and 2003 are outlined as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Service cost	¥ 821	¥ 803	$ 6,681
Interest cost	403	376	3,128
Expected return on plan assets	(73)	(43)	(358)
Amortization of actuarial loss	163	230	1,913
Amortization of prior service cost	8	8	67
	¥ 1,322	¥ 1,374	$ 11,431

Further to the retirement benefit expenses presented in the above table, the Company paid additional retirement benefits of ¥73 million and ¥1,258 million ($10,466 thousand), respectively, which are presented as "Other income (expenses) – other, net" in the consolidated statements of operations.

The retirement benefit expenses of certain domestic consolidated subsidiaries which were calculated by simplified methods have been included in service cost in the above table.

The assumptions used in accounting for the above benefit plans for the years ended March 31, 2002 and 2003 were as follows:

	2002	2003
Discount rate	Principally 2.5%	Principally 2.5%
Expected rates of return on plan assets	Principally 1.6%	Principally 0.9%

The Company and its domestic consolidated subsidiaries recorded accrued retirement benefits to directors and statutory auditors of ¥561 million and ¥635 million ($5,283 thousand) at March 31, 2002 and 2003, respectively.

6. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 42.0% for the years ended March 31, 2002 and 2003.

A reconciliation of the statutory tax rate and the effective tax rate for the year ended March 31, 2003 as a percentage of income before income taxes and minority interests is as follows:

	2003
Statutory tax rate	42.0%
Investment tax credits	(2.0)
Nondeductible expenses	1.1
Per capita portion of inhabitants' taxes	1.7
Differences in tax rate applicable to the overseas subsidiary	(20.2)
Cash dividends received from the overseas subsidiary	2.5
Other	(1.6)
Effective tax rate	23.5%

The corresponding information for the year ended March 31, 2002 has been omitted because a loss before income taxes and minority interests was recorded.

6. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2002 and 2003 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Deferred tax assets:			
Accrued retirement benefits	¥ 2,220	¥ 2,197	$ 18,278
Investment tax credits	592	–	–
Allowance for doubtful receivables	315	258	2,146
Accrued bonuses	251	334	2,779
Inventories	123	124	1,032
Allowance for loss on restructuring	239	–	–
Excess foreign tax deduction	241	410	3,411
Depreciation	99	68	566
Tax loss carryforwards	1,764	1,406	11,697
Other	1,108	1,429	11,888
Gross deferred tax assets	6,952	6,226	51,797
Less valuation allowance	(910)	(545)	(4,534)
Total deferred tax assets	6,042	5,681	47,263
Deferred tax liabilities:			
Dividends from an overseas subsidiary	(55)	(44)	(366)
Unrealized holding gain on securities	(2,702)	(941)	(7,829)
Land revaluation reserve	(765)	(721)	(5,998)
Reserve for deferred taxation on contributions for acquisition of property	(1,413)	(1,253)	(10,424)
Total deferred tax liabilities	(4,935)	(2,959)	(24,617)
Net deferred tax assets	¥ 1,107	¥ 2,722	$ 22,646

In accordance with a law on amendments to local tax laws, etc. announced on March 31, 2003, the Company and its domestic consolidated subsidiaries applied a statutory tax rate of 40.5% to the calculation of deferred tax assets and liabilities at March 31, 2003, which are expected to be reversed on April 1, 2004 and thereafter. The effect of this change in the statutory tax rate applied was to decrease non-current deferred tax assets (net of non-current deferred tax liabilities) and deferred tax liabilities with respect to the land revaluation reserve of ¥27 million ($225 thousand) and ¥26 million ($216 thousand), respectively, and to increase the land revaluation reserve and unrealized holding gain on securities by ¥31 million ($258 thousand) and ¥32 million ($266 thousand), respectively at March 31, 2003. The effect of this change was also to increase income taxes – deferred and to decrease net income by ¥59 million ($491 thousand) each for the year ended March 31, 2003.

7. Shareholders' Equity

The Commercial Code of Japan provides that an amount equivalent to at least 10% of cash dividends paid and bonuses to directors and statutory auditors, and exactly 10% of interim cash dividends paid be appropriated to the legal reserve until the sum of additional paid-in capital and the legal reserve equals 25% of stated capital. The Code also provides that neither additional paid-in capital nor the legal reserve is available for dividends but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to stated capital by resolution of the Board of Directors. The Code also stipulates that, to the extent that the sum of the additional paid-in capital account and the legal reserve exceeds 25% of the common stock account, the amount of any such excess is available for appropriation by resolution of the shareholders. The Company's legal reserve, which is included in retained earnings, amounted to ¥3,478 million and ¥3,478 million ($28,935 thousand) at March 31, 2002 and 2003, respectively.

Effective April 1, 2002, the Company and its consolidated subsidiaries adopted a new accounting standard for treasury stock and reversal of legal reserves. The effect of the adoption of this standard on the consolidated results of their operations for the year ended March 31, 2003 was immaterial.

In accordance with the revised regulations on consolidated financial statements, additional paid-in capital reported in shareholders' equity in the previous year has been presented as capital surplus as of March 31, 2002.

8. Revaluation of Land

At March 31, 2000 and 2002, certain consolidated subsidiaries and an affiliate revalued their land held for business use in accordance with the "Law on Land Revaluation." Differences on land revaluation have been accounted for as land revaluation reserve under shareholders' equity at the Company's share of the net amount of the relevant tax effect. The method followed for land revaluation was determined in accordance with the "Enforcement Act Concerning Land Revaluation."

At March 31, 2002 and 2003, the carrying value of land revalued at March 31, 2000 exceeded the corresponding fair value by ¥218 million and ¥134 million ($1,115 thousand), respectively.

The carrying value of the land revalued at March 31, 2002 was as follows:

	Millions of yen
Carrying value before revaluation	¥10,059
Carrying value after revaluation	11,512

At March 31, 2003, the carrying value of ¥11,512 million exceeded the corresponding fair value by ¥931 million ($7,745 thousand).

9. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2002 and 2003 were as follows:

Millions of yen		*Thousands of U.S. dollars*
2002	2003	2003
¥705	¥654	$5,441

10. Leases

The following pro forma amounts present the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2002 and 2003, which would have been reflected in the balance sheets if finance leases other than those which transfer the ownership of the leased property of the Company and its consolidated subsidiaries (which are currently accounted for as operating leases) were capitalized:

	Millions of yen					
	2002			2003		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 629	¥ 397	¥ 232	¥580	¥432	¥148

	Thousands of U.S. dollars		
	2003		
	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	$4,825	$3,594	$1,231

The related lease payments and depreciation for the years ended March 31, 2002 and 2003 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Lease payments	¥118	¥112	$932
Depreciation	118	112	932

Depreciation is calculated by the straight-line method over the respective lease terms.

10. Leases (continued)

The related future minimum payments (including the interest portion thereon) subsequent to March 31, 2003 under finance leases other than those which transfer the ownership of the leased property to the Company and its consolidated subsidiaries are summarized as follows:

	Millions of yen	*Thousands of U.S. dollars*
Year ending March 31,		
2004	¥ 89	$ 740
2005 and thereafter	59	491
	¥148	$1,231

11. Contingent Liabilities

At March 31, 2003, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	*Thousands of U.S. dollars*
Guarantees of housing loans of employees and indebtedness of unconsolidated subsidiaries	¥2,761	$22,970
Contingent liability for an in-substance defeasance on bonds	5,002	41,614

12. Derivatives

The Company and its consolidated subsidiaries have entered into various transactions involving derivatives in order to manage risk arising from adverse fluctuation in foreign currency exchange rates and interest rates. Derivatives positions involve the risk that the counterparties may default on their obligations. Forward foreign exchange contracts and interest-rate swaps entail the risk of fluctuation in foreign currency exchange rates and interest rates, respectively. The Company and its consolidated subsidiaries select only financial institutions with high credit ratings as counterparties in order to minimize their risk.

The Company and its consolidated subsidiaries have not entered into derivatives transactions whose fluctuation in fair value is material and which could thus impact significantly on their operations. The Company and its consolidated subsidiaries have established policies to report and approve the purpose, nature, counterparties, inherent risk, limit on loss and the level of risk of each transaction. Under their policies for derivatives, trading is not entered into for speculative purposes.

At March 31, 2002 and 2003, all derivatives positions qualified for the application of deferral hedge accounting and, thus, have not been separately disclosed.

13. Amounts per Share

Amounts per share at March 31, 2002 and 2003 and for the years then ended were as follows:

	Yen		*U.S. dollars*
	2002	2003	2003
Net assets	¥704.39	¥683.16	$5.68
Net (loss) income	(19.52)	6.59	0.05
Cash dividends applicable to the year	7.00	5.00	0.04

Diluted net income has not been presented for the year ended March 31, 2003 since the Company had not issued any potentially dilutive stocks at March 31, 2003.

Until the year ended March 31, 2002, amounts per share of net assets were computed based on the net assets reported in the consolidated balance sheets and the number of shares of common stock outstanding at each balance sheet date. Net income or loss per share was computed based on the net income or loss reported in the consolidated statements of operations and the weighted average number of shares of common stock outstanding during each year.

In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, the amount per share of net assets at March 31, 2003 has been computed based on net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end. Net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year. If the Company and its consolidated subsidiaries had applied the new standard, the per share amounts of net assets at March 31, 2002 and net loss for the year then ended would have been ¥701.83 ($5.84) and ¥19.48 ($0.16), respectively.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

14. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of a variety of steel products such as steel sheets, construction materials, prefabricated structures, home furnishings, steel rolls and gratings. The Company also engages in other activities such as real estate rental and engineering projects.

The business and geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2002 and 2003 are outlined as follows:

Business Segments

	Millions of yen					
	Year ended March 31, 2002					
	Steel sheet products	Electric furnace products	Other	Total	Elimina-tions and general corporate assets	Consoli-dated
I. Sales and operating income						
Sales to third parties	¥127,020	¥ 9,229	¥ 8,822	¥145,071	¥ –	¥145,071
Intergroup sales and transfers	0	–	4,527	4,527	(4,527)	–
Total sales	127,020	9,229	13,349	149,598	(4,527)	145,071
Operating expenses	125,270	9,181	12,433	146,884	(3,644)	143,240
Operating income	¥ 1,750	¥ 48	¥ 916	¥ 2,714	¥ (883)	¥ 1,831
II. Assets, depreciation and capital expenditures						
Total assets	¥119,342	¥10,098	¥24,295	¥153,735	¥43,949	¥197,684
Depreciation	6,638	452	535	7,625	123	7,748
Capital expenditures	2,083	173	410	2,666	102	2,768

	Millions of yen					
	Year ended March 31, 2003					
	Steel sheet products	Electric furnace products	Other	Total	Elimina-tions and general corporate assets	Consoli-dated
I. Sales and operating income						
Sales to third parties	¥130,649	¥ 7,517	¥ 8,958	¥147,124	¥ –	¥147,124
Intergroup sales and transfers	0	–	6,415	6,415	(6,415)	–
Total sales	130,649	7,517	15,373	153,539	(6,415)	147,124
Operating expenses	123,883	7,783	13,858	145,524	(5,524)	140,000
Operating income (loss)	¥ 6,766	¥ (266)	¥ 1,515	¥ 8,015	¥ (891)	¥ 7,124
II. Assets, depreciation and capital expenditures						
Total assets	¥106,388	¥ 9,075	¥23,188	¥138,651	¥41,171	¥179,822
Depreciation	5,821	401	441	6,663	115	6,778
Capital expenditures	2,325	216	260	2,801	27	2,828

14. Segment Information (continued)

Business Segments (continued)

	Steel sheet products	Electric furnace products	Other	Total	Eliminations and general corporate assets	Consolidated
	Thousands of U.S. dollars					
	Year ended March 31, 2003					
I. Sales and operating income						
Sales to third parties	$1,086,930	$ 62,537	$ 74,526	$1,223,993	$ –	$1,223,993
Intergroup sales and transfers	0	–	53,369	53,369	(53,369)	–
Total sales	1,086,930	62,537	127,895	1,277,362	(53,369)	1,223,993
Operating expenses	1,030,641	64,750	115,291	1,210,682	(45,957)	1,164,725
Operating income (loss)	$ 56,289	$ (2,213)	$ 12,604	$ 66,680	$ (7,412)	$ 59,268
II. Assets, depreciation and capital expenditures						
Total assets	$ 885,092	$ 75,499	$192,911	$1,153,502	$342,521	$1,496,023
Depreciation	48,428	3,336	3,669	55,433	957	56,390
Capital expenditures	19,343	1,797	2,163	23,303	224	23,527

As described in Note 1(f), the Company has changed its method of accounting for the valuation of finished goods, work-in-process and raw materials of steel sheets, building materials and raw materials for rolls from the last-in, first-out method to the average cost method effective the year ended March 31, 2003. The effect of this change in method of valuation for inventories was to increase operating income for the year ended March 31, 2003 by ¥1,138 million ($9,468 thousand) and decrease total assets at March 31, 2003 by ¥903 million ($7,512 thousand) in the steel sheet products segment, and to decrease operating loss for the year ended March 31, 2003 by ¥1 million ($8 thousand) and increase total assets at March 31, 2003 by ¥2 million ($17 thousand) in the electric furnace products segment.

Geographical Segments

	Japan	Southeast Asia	Total	Eliminations and general corporate assets	Consolidated
	Millions of yen				
	Year ended March 31, 2002				
I. Sales and operating income					
Sales to third parties	¥104,337	¥40,734	¥145,071	¥ –	¥145,071
Interarea sales and transfers	60	–	60	(60)	–
Total sales	104,397	40,734	145,131	(60)	145,071
Operating expenses	103,956	39,413	143,369	(129)	143,240
Operating income	¥ 441	¥ 1,321	¥ 1,762	¥ 69	¥ 1,831
II. Assets	¥131,031	¥30,000	¥161,031	¥36,653	¥197,684

14. Segment Information (continued)

Geographical Segments (continued)

	Millions of yen				
	Year ended March 31, 2003				
	Japan	Southeast Asia	Total	Eliminations and general corporate assets	Consolidated
I. Sales and operating income					
Sales to third parties	¥ 99,073	¥ 48,051	¥ 147,124	¥ –	¥ 147,124
Interarea sales and transfers	1,826	–	1,826	(1,826)	–
Total sales	100,899	48,051	148,950	(1,826)	147,124
Operating expenses	98,726	43,193	141,919	(1,919)	140,000
Operating income	¥ 2,173	¥ 4,858	¥ 7,031	¥ 93	¥ 7,124
II. Assets	¥116,152	¥ 28,815	¥ 144,967	¥ 34,855	¥ 179,822

	Thousands of U.S. dollars				
	Year ended March 31, 2003				
	Japan	Southeast Asia	Total	Eliminations and general corporate assets	Consolidated
I. Sales and operating income					
Sales to third parties	$824,234	$399,759	$1,223,993	$ –	$1,223,993
Interarea sales and transfers	15,192	–	15,192	(15,192)	–
Total sales	839,426	399,759	1,239,185	(15,192)	1,223,993
Operating expenses	821,348	359,343	1,180,691	(15,966)	1,164,725
Operating income	$ 18,078	$ 40,416	$ 58,494	$ 774	$ 59,268
II. Assets	$966,323	$239,725	$1,206,048	$289,975	$1,496,023

As described in Note 1(f), the Company has changed its method of accounting for the valuation of finished goods, work-in-process and raw materials of steel sheets, building materials and raw materials for rolls from the last-in, first-out method to the average cost method effective the year ended March 31, 2003. The effect of this change in method of valuation for inventories was to increase operating income for the year ended Mach 31, 2003 in Japan by ¥1,137 million ($9,459 thousand) and to decrease total assets at March 31, 2003 by ¥901 million ($7,496 thousand).

14. Segment Information (continued)

Geographical Segments (continued)

Overseas sales which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the overseas consolidated subsidiary for the years ended March 31, 2002 and 2001 are summarized as follows:

	Millions of yen		
	Year ended March 31, 2002		
	Asia	Other	Total
Overseas sales	¥36,958	¥ 9,227	¥ 46,185
Consolidated net sales			145,071
Overseas sales as a percentage of consolidated net sales	25.5%	6.3%	31.8%

	Millions of yen		
	Year ended March 31, 2003		
	Asia	Other	Total
Overseas sales	¥50,113	¥ 6,691	¥ 56,804
Consolidated net sales			147,124
Overseas sales as a percentage of consolidated net sales	34.1%	4.5%	38.6%

	Thousands of U.S. dollars		
	Year ended March 31, 2003		
	Asia	Other	Total
Overseas sales	$416,913	$55,666	$ 472,579
Consolidated net sales			1,223,993

15. Subsequent Event

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2003, were approved at a shareholders' meeting held on June 27, 2003:

	Millions of yen	*Thousands of U.S. dollars*
Cash dividends of ¥2.5 ($0.02) per share	¥460	$3,827

Non-Consolidated Financial Statements

Yodogawa Steel Works, Ltd.

Years ended March 31, 2002 and 2003
with Report of Independent Auditors

Report of Independent Auditors

The Board of Directors
Yodogawa Steel Works, Ltd.

We have audited the accompanying non-consolidated balance sheets of Yodogawa Steel Works, Ltd. as of March 31, 2002 and 2003, and the related non-consolidated statements of operations and shareholders' equity for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion independently on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yodogawa Steel Works, Ltd. at March 31, 2002 and 2003, and the results of its operations for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

As described in Note 1(e) to the non-consolidated financial statements, Yodogawa Steel Works, Ltd. has changed its method of accounting for the valuation of finished goods, work-in-process and raw materials of steel sheets, building materials and raw materials for rolls from the last-in, first-out method to the average cost method effective the year ended March 31, 2003 in the preparation of its non-consolidated financial statements.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Shin Nihon & Co.,

June 27, 2003

See Note 1 which explains the basis of preparation of the non-consolidated financial statements of Yodogawa Steel Works, Ltd. under Japanese accounting principles and practices.

Yodogawa Steel Works, Ltd.

Non-Consolidated Balance Sheets

March 31, 2002 and 2003

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Assets			
Current assets:			
Cash and cash equivalents	¥ 14,025	¥ 15,112	$ 125,724
Short-term investments	1,000	0	0
Marketable securities *(Note 3)*	3,112	2,523	20,990
Notes and accounts receivable:			
Subsidiaries and affiliates	15,380	13,956	116,106
Trade	14,747	13,775	114,601
Less allowance for doubtful receivables	(59)	(25)	(208)
Inventories *(Note 4)*	24,556	18,145	150,957
Deferred income taxes *(Note 6)*	583	1,836	15,275
Other current assets	4,774	5,928	49,317
Total current assets	78,118	71,250	592,762
Property, plant and equipment *(Note 5)*:			
Land	12,176	12,180	101,331
Buildings and structures	40,781	40,688	338,502
Machinery, equipment and vehicles	102,788	95,870	797,587
Construction in progress	270	654	5,441
Less accumulated depreciation	(109,968)	(106,788)	(888,419)
Property, plant and equipment, net	46,047	42,604	354,442
Investments and other assets:			
Investments in securities *(Note 3)*	19,533	15,316	127,421
Investments in and advances to subsidiaries and affiliates *(Note 3)*	18,829	18,873	157,013
Deferred income taxes *(Note 6)*	242	936	7,787
Other assets	1,629	1,579	13,137
Total investments and other assets	40,233	36,704	305,358
Total assets	¥164,398	¥150,558	$1,252,562

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank loans *(Note 5)*	¥ 7,780	¥ 6,270	$ 52,163
Current portion of long-term debt *(Note 5)*	5,000	–	–
Notes and accounts payable:			
Subsidiaries and affiliates	1,686	1,590	13,228
Trade	11,184	10,781	89,692
Construction	1,091	1,252	10,416
Accrued expenses	2,902	2,555	21,256
Accrued income taxes *(Note 6)*	135	37	308
Allowance for loss on restructuring	568	–	–
Other current liabilities	2,271	1,052	8,752
Total current liabilities	32,617	23,537	195,815
Long-term liabilities:			
Accrued retirement benefits	6,783	5,507	45,815
Guarantee deposits *(Note 5)*	1,041	991	8,245
Total long-term liabilities	7,824	6,498	54,060
Contingent liabilities *(Note 10)*			
Shareholders' equity *(Note 7)*:			
Common stock:			
Authorized:			
753,814,067 shares in 2002 and 2003			
Issued:			
184,186,153 shares in 2002 and 2003	23,221	23,221	193,186
Capital surplus	23,497	23,497	195,482
Retained earnings *(Note 12)*	73,519	72,645	604,368
Unrealized holding gain on securities *(Note 3)*	3,722	1,205	10,025
Treasury stock, at cost – 5,833 shares in 2002 and 157,901 shares in 2003	(2)	(45)	(374)
Total shareholders' equity	123,957	120,523	1,002,687

See accompanying notes to non-consolidated financial statements.

Total liabilities and shareholders' equity	¥164,398	¥150,558	$1,252,562

See accompanying notes to non-consolidated financial statements.

Yodogawa Steel Works, Ltd.

Non-Consolidated Statements Operations

Years ended March 31, 2002 and 2003

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Net sales	¥93,688	¥ 90,829	$ 755,649
Cost of sales	78,096	74,987	623,852
Gross profit	15,592	15,842	131,797
Selling, general and administrative expenses *(Note 8)*	15,061	13,553	112,754
Operating income	531	2,289	19,043
Other income (expenses):			
Interest and dividend income	1,109	941	7,829
Interest expense	(230)	(117)	(973)
(Loss) gain on sales of securities	(82)	1,765	14,684
Impairment loss on securities	(5,065)	(1,536)	(12,779)
(Loss) gain on sales or disposal of property, plant and equipment, net	(298)	78	649
Loss on disposal of inventories	(583)	–	–
Restructuring charges	–	(1,369)	(11,389)
Provision for business closing costs	(568)	–	–
Cumulative effect of changes in method of inventory valuation	–	(2,038)	(16,955)
Other, net	(385)	180	1,497
(Loss) income before income taxes	(5,571)	193	1,606
Income taxes *(Note 6)*:			
Current	142	51	424
Deferred	(2,414)	(89)	(740)
	2,272	38	316
Net (loss) income	¥ (3,299)	¥ 231	$ 1,922

See accompanying notes to non-consolidated financial statements.

Yodogawa Steel Works, Ltd.

Non-Consolidated Statements of Shareholders' Equity

Years ended March 31, 2002 and 2003

	Millions of yen		*Thousands of U.S. dollars (Note 2)*
	2002	2003	2003
Common stock			
Balance at beginning and end of the year	¥23,221	¥23,221	$193,186
Capital surplus			
Balance at beginning and end of the year	¥23,497	¥23,497	$195,482
Retained earnings			
Balance at beginning of the year	¥83,087	¥73,519	$611,639
Add:			
Net income	–	231	1,922
Deduct:			
Net loss	3,299	–	–
Cash dividends paid	1,396	1,105	9,193
Bonuses to directors and statutory auditors	50	–	–
Retirement of treasury stock	4,823	–	–
Balance at end of the year	¥73,519	¥72,645	$604,368
Unrealized holding gain on securities ***(Note 3)***			
Balance at beginning of the year	¥ –	¥ 3,722	$ 30,965
Net change during the year	3,722	(2,517)	(20,940)
Balance at end of the year	¥ 3,722	¥ 1,205	$ 10,025

See accompanying notes to non-consolidated financial statements.

Yodogawa Steel Works, Ltd.

Notes to Non-Consolidated Financial Statements

March 31, 2003

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The accompanying non-consolidated financial statements of Yodogawa Steel Works, Ltd. (the "Company") have been prepared in accordance with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan, and have been compiled from those prepared by the Company as required under the Securities and Exchange Law of Japan.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications of previously reported amounts have been made to the non-consolidated financial statements for the year ended March 31, 2002 to conform them to the 2003 presentation. Such reclassifications had no effect on net loss or shareholders' equity.

(b) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Other assets and liabilities denominated in foreign currencies are translated at their historical rates. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange losses and gains are charged or credited to income.

(c) Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of changes in their value and which were purchased with an original maturity of three months or less.

1. Summary of Significant Accounting Policies (continued)

(d) Securities

The accounting standard for financial instruments requires that securities other than those of subsidiaries and affiliates are classified into three categories: trading securities, held-to-maturity debt securities or other securities. Under this standard, trading securities are carried at fair value and gain and loss, both realized and unrealized, are charged to income. Held-to-maturity debt securities are carried at their amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of shareholders' equity. Non-marketable securities classified as other securities and investments in subsidiaries and an affiliate are carried at cost.

(e) Inventories

Up to the year ended March 31, 2002, inventories at the Company were stated at cost determined principally by the last-in, first-out method.

Effective April 1, 2002, the Company changed its method of accounting for the valuation of finished goods, work-in-process and raw materials of steel sheets, building materials and raw materials for rolls from the last-in, first-out method to the average cost method. This change was made to mitigate the impact of material fluctuation in the purchase prices of raw materials and to minimize the difference between the book and market value of these inventories. The effect of this change was to decrease inventories at March 31, 2003 by ¥901 million ($7,496 thousand), to increase operating income for the year then ended by ¥1,137 million ($9,459 thousand) and to decrease income before income taxes for the year then ended by ¥901 million ($7,496 thousand) by recognizing the cumulative effect of the change in inventory valuation of ¥2,038 million ($16,955 thousand) for the year then ended.

Supplies are stated at cost determined by the first-in, first-out method.

Finished goods and work-in-process of roll products and real estate held for sale are stated at cost determined by the specific identification method.

1. Summary of Significant Accounting Policies (continued)

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated on the basis of cost.

Depreciation of property, plant and equipment is calculated by the declining-balance method over the useful lives of the respective assets, except that the straight-line method is applied to buildings (except for structures attached to the buildings) acquired subsequent to April 1, 1998.

The useful lives adopted for calculating depreciation are principally as follows:

Buildings and structures	3 to 60 years
Machinery, equipment and vehicles	3 to 17 years

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

(g) Intangible Assets

Intangible assets are stated on the basis of cost. Amortization is calculated by the straight-line method over the useful lives of the respective assets.

(h) Allowance for Doubtful Receivables

The Company provides an allowance for doubtful receivables at an amount calculated based on the Company's historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

(i) Research and Development Costs and Computer Software

Research and development costs are charged to income as incurred.

Expenditures relating to the development of computer software intended for internal use are charged to income when incurred, unless these are deemed to contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their estimated useful life of five years.

1. Summary of Significant Accounting Policies (continued)

(j) Leases

The Company leases certain equipment under noncancelable leases referred to as finance leases. Finance leases other than those which transfer the ownership of the leased property to the Company are accounted for as operating leases.

(k) Income Taxes

Deferred income taxes are provided for temporary differences between the balances of assets and liabilities for financial reporting purposes and the corresponding balances for tax reporting purposes.

(l) Provision for Business Closing Costs

At March 31, 2002, the Company has provided a provision for business closing costs arising from the discontinuation of its household articles business at an estimate of the loss to be incurred.

(m) Retirement Benefits

Employees of the Company are covered by an employees' retirement benefit plan and an employees' pension plan. The employees' retirement benefit plan provides for a lump-sum payment determined by reference to the basic salary, length of service and the conditions under which the termination occurs. The employees' pension plan, which is a funded non-contributory plan, partially covers the benefits under the employees' retirement benefit plan to employees who retire after fifteen or more years of service.

Accrued retirement benefits for employees at March 31, 2003 were provided mainly at an amount calculated based on the retirement benefit obligation less the fair value of the pension plan assets as of March 31, 2003, as adjusted for unrecognized actuarial loss. The retirement benefit obligation is allocated to each period by the straight-line method over the estimated years of service of the eligible employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over 10 years, which is within the estimated average remaining years of service of the eligible employees.

The directors and statutory auditors of the Company are customarily entitled to lump-sum payments under the unfunded retirement benefit plan. The provision for retirement benefits for directors and statutory auditors has been made at an estimated amount based on the

Company's internal rules.

1. Summary of Significant Accounting Policies (continued)

(n) Hedge Accounting

Gain or loss on derivatives designed as hedging instruments is deferred until the gain or loss on the underlying hedged item is recognized. Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt and others. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates.

(o) Appropriation of Retained Earnings

Under the Commercial Code of Japan, the appropriation of retained earnings with respect to a given financial period is made by resolution of the stockholders at a general meeting held subsequent to the close of the financial period and the accounts for that period do not, therefore, reflect such appropriations.

2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥120.20 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2003. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. Securities

Information with respect to securities at March 31, 2002 and 2003 is disclosed on a consolidation basis. See Note 3 to the consolidated financial statements.

Information with respect to the carrying and fair value of, and unrealized loss or gain on, securities with determinable fair value included in investments in and advances to subsidiaries and affiliates at March 31, 2002 and 2003 is summarized as follows:

Millions of yen					
2002			2003		
Carrying value	Fair value	Unrealized loss	Carrying value	Fair value	Unrealized gain

Investments in a subsidiary	¥11,310	¥8,699	¥(2,611)	¥11,310	¥21,626	¥10,316

3. Securities (continued)

	Thousands of U.S. dollars		
	2003		
	Carrying value	Fair value	Unrealized gain
Investments in a subsidiary	$94,093	$179,917	$85,824

4. Inventories

Inventories at March 31, 2002 and 2003 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Finished goods	¥13,632	¥10,506	$ 87,404
Work in process	3,275	2,766	23,012
Raw materials and supplies	6,932	4,299	35,765
Real estate held for sale	717	574	4,776
	¥24,556	¥18,145	$150,957

5. Short-Term Bank Loans, Long-Term Debt and Guarantee Deposits

Short-term bank loans represent overdrafts at annual interest rates of approximately 0.846% and 0.562% at March 31, 2002 and 2003, respectively.

Long-term debt at March 31, 2002 and 2003 was as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
1.8% unsecured bonds, payable in yen, due 2003	¥ 5,000	¥ –	$ –
Less current portion	(5,000)	–	–
	¥ –	¥ –	$ –

5. Short-Term Bank Loans, Long-Term Debt and Guarantee Deposits (continued)

The assets pledged as foundation mortgages and collateral for short-term bank loans of ¥1,034 million ($8,602 thousand) at March 31, 2003 were as follows:

	Millions of yen	*Thousands of U.S. dollars*
Property, plant and equipment, at net book value	¥25,943	$215,832

Guarantee deposits consisted of interest-free deposits, which were mainly golf membership deposits, and interest-bearing deposits, which were principally from customers at annual interest rate of approximately 0.5% at March 31, 2002 and 2003. Interest-free deposits and interest-bearing deposits at March 31, 2002 and 2003 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Interest-free deposits	¥ 742	¥678	$5,641
Interest-bearing deposits	299	313	2,604
	¥1,041	¥991	$8,245

The aggregate annual maturities of guarantee deposits subsequent to March 31, 2003 are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2004	¥ 3	$ 25
2005	3	25
2006	2	17
2007	–	–
2008	–	–
2009 and thereafter	983	8,178
	¥ 991	$8,245

All interest-bearing deposits are scheduled to mature during the years ending March 31, 2009 and thereafter.

6. Income Taxes

Income taxes applicable to the Company comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 42.0% for the years ended March 31, 2002 and 2003.

A reconciliation of the statutory tax rate and the effective tax rate for the year ended March 31, 2003 as a percentage of income before income taxes is as follows:

	2003
Statutory tax rate	42.0%
Nondeductible expenses	12.9
Nontaxable income	(33.7)
Foreign tax credit	(74.5)
Per capita portion of inhabitants' taxes	26.4
Other	7.2
Effective tax rate	(19.7)%

The corresponding information for the year ended March 31, 2002 has been omitted because a loss before income taxes was recorded.

6. Income Taxes (continued)

The significant components of deferred tax assets and liabilities of the Company at March 31, 2002 and 2003 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Deferred tax assets:			
Accrued retirement benefits for employees	¥ 1,590	¥ 1,364	$ 11,348
Accrued retirement benefits for directors and statutory auditors	174	188	1,564
Accrued bonuses	225	285	2,371
Allowances for doubtful receivables	81	34	283
Allowance for loss on restructuring	239	–	–
Excess foreign tax deduction	241	410	3,411
Loss on devaluation of securities	524	1,045	8,694
Tax loss carryforwards	1,764	1,407	11,705
Other	94	129	1,074
Total deferred tax assets	4,932	4,862	40,450
Deferred tax liabilities:			
Unrealized holding gain on securities	(2,695)	(837)	(6,964)
Reserve for deferred taxation on contributions for acquisition of property	(1,412)	(1,253)	(10,424)
Total deferred tax liabilities	(4,107)	(2,090)	(17,388)
Net deferred tax assets	¥ 825	¥ 2,772	$ 23,062

In accordance with a law on amendments to local tax laws, etc. announced on March 31, 2003, the Company applied a statutory tax rate of 40.5% to the calculation of deferred tax assets and liabilities at March 31, 2003, which are expected to be reversed on April 1, 2004 and thereafter. The effect of this change in the statutory tax rate applied was to decrease non-current deferred tax assets (net of non-current deferred tax liabilities) by ¥19 million ($158 thousand) and to increase unrealized holding gain on securities by ¥31 million ($258 thousand) at March 31, 2003 and to decrease income taxes – deferred (credit) and net income before income taxes by ¥50 million ($416 thousand) for the year ended March 31, 2003

7. Shareholders' Equity

The Commercial Code of Japan provides that an amount equivalent to at least 10% of cash dividends paid and bonuses to directors and statutory auditors, and exactly 10% of interim cash dividends paid be appropriated to the legal reserve until the sum of additional paid-in capital and the legal reserve equals 25% of stated capital. The Code also provides that neither additional paid-in capital nor the legal reserve is available for dividends but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to stated capital by resolution of the Board of Directors. The Code also stipulates that, to the extent that the sum of the additional paid-in capital account and the legal reserve exceeds 25% of the common stock account, the amount of any such excess is available for appropriation by resolution of the shareholders. The Company's legal reserve, which is included in retained earnings, amounted to ¥3,478 million and ¥3,478 million ($28,935 thousand) at March 31, 2002 and 2003, respectively.

Effective April 1, 2002, the Company adopted a new accounting standard for treasury stock and reversal of legal reserves. The effect of the adoption of this standard on the result of its operations for the year ended March 31, 2003 was immaterial.

In accordance with the revised regulations on financial statements, additional paid-in capital and legal reserve reported in shareholders' equity in the previous year has been presented as capital surplus and a component of retained earnings as of March 31, 2002, respectively.

8. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2002 and 2003 were as follows:

Millions of yen		*Thousands of U.S. dollars*
2002	2003	2003
¥453	¥364	$3,028

9. Leases

The following pro forma amounts present the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2002 and 2003, which would have been reflected in the balance sheets if finance leases other than those which transfer the ownership of the leased property to the Company (which are currently accounted for as operating leases) were capitalized:

	Millions of yen					
	2002			2003		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 329	¥ 186	¥143	¥279	¥175	¥104

	Thousands of U.S. dollars		
	2003		
	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	$2,321	$1,456	$865

The related lease payments and depreciation for the years ended March 31, 2002 and 2003 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2002	2003	2003
Lease payments	¥66	¥61	$507
Depreciation	66	61	507

Depreciation is calculated by the straight-line method over the respective lease terms.

The related future minimum payments (including the interest portion thereon) subsequent to March 31, 2003 under finance leases other than those which transfer the ownership of the leased property to the Company are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2004	¥ 61	$507
2005 and thereafter	43	358

	¥104	$865

10. Contingent Liabilities

At March 31, 2003, the Company had the following contingent liabilities:

	Millions of yen	*Thousands of U.S. dollars*
Guarantees of housing loans of employees and indebtedness of subsidiaries	¥ 161	$ 1,339
Contingent liability for in-substance defeasance on bonds	5,002	41,614

11. Amounts per Share

Amounts per share at March 31, 2002 and 2003 and for the years then ended were as follows:

	Yen		*U.S. dollars*
	2002	2003	2003
Net assets	¥673.02	¥654.91	$5.45
Net (loss) income	(16.94)	1.25	0.01
Cash dividends applicable to the year	7.00	5.00	0.04

Diluted net income has not been presented for the year ended March 31, 2003 since the Company had not issued any potentially dilutive stocks at March 31, 2003.

Effective April 1, 2002, the Company adopted a new accounting standard for earning per share. The effect of the adoption of this standard was nil.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

12. Subsequent Events

See Note 15 to the consolidated financial statements.