

FINANCIAL STATEMENTS

FOR

THE 49TH FISCAL YEAR

FROM 1 APRIL 2004
TO 31 MARCH 2005

日 東 工 器 株 式 会 社

NITTO KOHKI CO.,LTD.

BALANCE SHEET

AS AT 31 MARCH 2005
(In Millions Japanese yen)

ASSETS		LIABILITIES and SHAREHOLDERS' EQUITY	
account title	amount	account title	amount
CURRENT ASSETS	22,127	CURRENT LIABILITIES	3,300
Cash & Deposits	8,961	Notes Payable, Trade	104
Notes Receivable, Trade	3,970	Accounts Payable, Trade	1,024
Accounts Receivable, Trade	3,487	Accounts Payable, Other	252
Marketable Securities	899	Income Taxes Payable	985
Finished Goods	1,791	Accrued Expenses	513
Raw Materials	138	Deposits Received	48
Work in Progress	23	Accrued Bonuses	352
Advance Payments	21	Other	20
Prepaid Expenses	17		
Deferred Tax Assets	242		
Short-term Loans—subsidiaries	326		
Trust Beneficiary Rights	2,078		
Other	169		
Allowance for Doubtful Accounts	▲ 1		
FIXED ASSETS	12,624	LONG-TERM LIABILITIES	912
Tangible Fixed Assets	4,749	Allowance for Employee's Retirement Benefits	698
Buildings	1,213	Allowance for Directors' Retirement Benefits	86
Structures	59	Other	127
Machinery & Equipment	10		
Vehicles and Delivery Equipment	15	TOTAL LIABILITIES	4,213
Tools, Furniture, Fixtures and Other	559	SHAREHOLDERS' EQUITY	30,538
Land	2,884	Common Stock	1,850
Construction in Progress	7	Capital Surplus	1,925
Intangible Fixed Assets	70	Additional Paid-in Capital	1,925
Computer Software	29	Retained Earnings	26,660
Other	40	Legal Reserve	462
Investments and Other Assets	7,805	Reserve for Equalization of Dividends	220
Long-term Deposit	500	Reserve for Advanced Depreciation on Tangible Fixed Assets	21
Investments in Securities	922	Voluntary Reserve	23,600
Investments in Subsidiaries	4,933	Reserve for Interim Dividends	0
Long-term Loans	1,017	Unappropriated Retained Earnings	2,354
Long-term prepaid expenses	17	Unrealized Holding Gains on Securities	314
Deferred Tax Assets	149	Treasury Stock	▲ 212
Guaranty Deposits	104		
Accumulated Funds of Insurance	51		
Other	171		
Allowance for Doubtful Accounts	▲ 62		
TOTAL ASSETS	34,751	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34,751

INCOME STATEMENT

FROM : 1 APRIL 2004

TO : 31 MARCH 2005

(In Millions Japanese yen)

account title	amount	
<u>ORDINARY INCOME AND EXPENSES</u>		
Operating Income and Expenses		
Operating Income		
Net Sales		22,500
Operating Expenses		
Cost of Sales	12,443	
Selling, General and Administrative expenses	6,509	18,952
Operating income		3,547
Non-operating income and expenses		
Non-operating Income		
Interest Income	32	
Other	274	307
Non-operating Expenses		
Cash Discounts	115	
Other	109	224
Ordinary Income		3,629
<u>EXTRAORDINARY INCOME AND EXPENSES</u>		
Extraordinary Income		
Gain on Sales of Fixed Assets	0	
Reversal of Allowance for Doubtful Accounts	1	
Gain on Sales of Investment Securities	0	
Gain on amortized debt collection	26	27
Extraordinary Losses		
Loss on Disposal of Fixed Assets	70	
Devaluation Loss on Investment Securities	1	
Provision of Allowance for Doubtful Accounts	15	
Severance Payment for Early Retirement	0	87
Income before Income Taxes		3,570
Income Taxes-current	1,347	
Income Taxes-deferred	28	1,376
Net Income		2,194
Unappropriated Retained Earnings Brought Forward		160
Reversal of Reserve for Interim Dividends		452
Interim Dividends		452
Unappropriated Retained Earnings		2,354

STATEMENT OF APPROPRIATIONS

(In Japanese yen)

account title	amount	
Unappropriated Retained Earnings		2,354,900,351
Reversal of Reserve for Advanced Depreciation on Tangible Fixed Assets	2,128,826	
Reversal of Reserve for Interim Dividends	938,460	3,067,286
Appropriation of Retained Earnings		2,357,967,637
Dividends	452,055,940	
Ordinary Dividend of ¥ 25.0 per Share		
Provision of Reserve for Advanced Depreciation on Tangible Fixed Assets	0	
Bonus to Directors	16,300,000	
Reserve for Interim Dividends	453,000,000	
Voluntary Reserve	1,200,000,000	2,121,355,940
Retained Earnings Carried Forward to the Next Year		236,611,697

BALANCE SHEET (Consolidated)

Fiscal Year Ended March 2005

(In Millions Japanese yen)

ASSETS		LIABILITIES and SHAREHOLDERS' EQUITY	
account title	amount	account title	amount
Current Assets	28,400	Current Liabilities	5,086
Cash & Deposits	11,995	Notes Payable and Accounts Payable, Trade	2,183
Notes Receivable and Accounts Receivable, Trade	8,124	Income Taxes Payable	1,182
Marketable Securities	899	Accrued Bonuses	505
Inventories	4,504	Other	1,214
Deferred Tax Assets	619		
Trust Beneficiary Rights	2,078		
Other	200		
Allowance for Doubtful Accounts	▲ 24	Long-term Liabilities	1,338
Fixed Assets	11,274	Deferred Tax Liabilities	48
Tangible Fixed Assets	8,649	Allowance for Employee's Retirement Benefits	1,042
Buildings and Structures	2,766	Allowance for Director's Retirement Benefits	93
Machinery and Vehicle Equipments	974	Other	154
Tools, Furniture, Fixtures and Others	743	TOTAL LIABILITIES	6,424
Land	4,145	MINORITY INTERESTS	169
Construction in Progress	19	SHAREHOLDERS' EQUITY	33,080
Intangible Fixed Assets	288	Common Stock	1,850
Investments and Other Assets	2,337	Capital Surplus	1,925
Long-term Deposit	500	Additional Paid-in Capital	1,925
Investments in Securities	925	Retained Earnings	29,387
Long-term Loans	360	Unrealized Holding Gains on Securities	314
Deferred Tax Assets	238	Translation Adjustment	▲ 184
Other	377	Treasury Stock	▲ 212
Allowance for Doubtful Accounts	▲ 64		
TOTAL ASSETS	39,674	TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	39,674

STATEMENT OF INCOME (Consolidated)

(In Millions Japanese yen)

Fiscal Year Ended March 2005

account title	amount	
ORDINARY INCOME AND EXPENSES		
Operating Income and expenses		
Operating Income		
Net Sales		25,886
Operating Expenses		
Cost of Sales	12,921	
Selling, General and Administrative Expenses	8,233	21,155
Operating Income		4,731
Non-operating Income and expenses		
Non-operating Income		
Interest Income	32	
Other	103	136
Non-operating Expenses		
Cash Discounts	120	
Other	169	290
Ordinary Income		4,577
EXTRAORDINARY INCOME AND EXPENSES		
Extraordinary Income		29
Extraordinary Losses		200
Income before Income Taxes		4,407
Income Taxes-current	1,822	
Income Taxes-deferred	67	1,889
Minority Interests		8
Net Income		2,509

STATEMENT OF RETAINED EARNINGS (Consolidated)

(In Millions Japanese yen)

Fiscal Year Ended March 2005

account title	amount	
ADDITIONAL PAID-IN CAPITAL		
Additional Paid-in Capital at the Beginning of the Year		1,925
Additional Paid-in Capital at the End of the Year		1,925
RETAINED EARNINGS		
Retained Earnings at the Beginning of the Year		27,909
Increase in Retained Earnings :		
Net Income	2,509	2,509
Decrease in Retained Earnings :		
Dividends	1,017	
Bonus to Directors	13	1,030
Retained Earnings at the End of the Year		29,387

STATEMENT OF CASH FLOWS (Consolidated)

(In Millions Japanese yen)

Fiscal Year Ended March 2005

account title	amount
Cash Flows from Operating Activities:	
Income before Income Taxes	4,407
Depreciation and Amortization	770
Net Increase in Provisions	▲ 78
Net Increase in Assets	▲ 243
Net Increase in Liabilities	453
Others	323
Sub Total	5,632
Interest and Dividends Received	33
Interest Paid	▲ 16
Income Taxes Paid	▲ 1,620
Net Cash provided by Operating Activities	4,029
Cash flows from Investing Activities:	
Increase in Time Deposits	▲ 7,657
Decrease in Time Deposits	4,372
Payments for Purchases of Fixed Assets	▲ 554
Net Increase in Loans	148
Others	▲ 61
Net Cash Used in Investing Activities	▲ 3,752
Cash flows from Financing Activities:	
Payments for purchase of Treasury Stock	0
Dividends Paid	▲ 1,017
Net Cash Used in Financing Activities	▲ 1,018
Effect of Exchange Rate Changes on Cash and Cash Equivalents	23
Net Increase in Cash and Cash Equivalents	▲ 717
Cash and Cash Equivalents at the Beginning of the Year	12,894
Cash and Cash Equivalents at the End of the Year	12,176