



Nissho Iwai - Nichimen Holdings Corporation  
(Sojitz Group)

May 13, 2004

## Financial Results for the fiscal year ended March 31, 2004

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### Notes:

(1) This report contains forward-looking statements, which reflect management assumptions and beliefs based on information currently available and are subject to a number of risks and uncertainties, such as economic conditions, exchange rate fluctuations, etc. Accordingly, Nissho Iwai-Nichimen Holdings Corporation wishes to caution readers that actual results may differ materially from those projected herein, and expressly disclaims any obligation or undertaking to release any update or revision of any contained forward-looking statements.

(2) The financial statements have been prepared in accordance with the provisions set forth in the Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects and jurisdictions other than Japan.

(3) This report is translation of the Financial Summary filed with Tokyo Stock Exchange on May 13, 2004 for conveniences of investors outside of Japan. The original version of this report is written in Japanese. In case of any discrepancies between this report and the original, the Japanese version shall govern.

## Summary of Consolidated Financial Results

13th May 2004

for the fiscal year ended March 31, 2004

### Nissho Iwai-Nichimen Holdings Corporation

(URL <http://www.nn-holdings.com>)

Listed stock exchange : The first sections of Tokyo and Osaka

Headquarters : Tokyo

Securities Code : 2768

Company Representative : Hidetoshi Nishimura, President & Co-CEO

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#### 1. Consolidated Financial Results for the Fiscal Year ended March 2004 (April 1, 2003- March 31, 2004 )

##### (1) Results of Operation

(Rounded to millions of Japanese Yen)

	Net Sales (A)		Operating Income		Recurring Profit (B)		Net Income	
	Millions of Yer	%	Millions of Yer	%	Millions of Yer	%	Millions of Yer	%
March 31, 2004	5,861,737	-	59,948	-	48,461	-	33,609	-
March 31, 2003	-	-	-	-	-	-	-	-

	EPS	ROE	ROA	(B)/(A)
	Yen	%	%	%
March 31, 2004	172.52	18.3	1.5	0.8
march 31, 2003	-	-	-	-

Notes:

1. Equity in Earnings of Unconsolidated subsidiaries and affiliate during the period:

Current fiscal year : 5,929                      Preceding fiscal year : -

2. Average number of outstanding shares during the period:

Current fiscal year : 194,817,297                      Preceding fiscal year : -

3. Changes in accounting policies during the period: No

4. Percentage indicate changes in net sales, operating income, recurring profit and net income compared with preceding fiscal year.

##### (2) Financial Position (Consolidated)

	Total Assets (C)	Shareholders' Equity (D)	(D)/(C)	EPS
	Millions of Yer	Millions of Yer	%	Yen
March 31, 2004	3,077,022	316,234	10.3%	235.43
March 31, 2003	-	-	-	-

Notes:

1. Number of outstanding shares at the end of the period (Common Stock):

Current fiscal year : 213,374,473                      Preceding fiscal year : -

2. Number of outstanding shares at the end of the period (Preferred Stock):

Current fiscal year : 133,000,000                      Preceding fiscal year : -

3. Number of treasury shares at the end of the period:

Current fiscal year : 87,718                      Preceding fiscal year : -

##### (3) Consolidated Statements of Cash Flow

	Operating Activities	Investing Activities	Financing Activities	Cash & Cash Equivalents at the end of the Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
March 31, 2004	87,160	73,030	68,602	410,240
March 31, 2003	-	-	-	-

##### (4) Number of consolidated subsidiaries and companies accounted for by the equity method

Consolidated subsidiaries                      329

Unconsolidated subsidiaries (accounted for by the equity method)                      24

Unconsolidated affiliates (accounted for by the equity method)                      204

#### 2. Consolidated Earnings Forecast for Fiscal Year ending March 2005 (April 1, 2004- March 31, 2005)

	Net Sales (Forecast)	Recurring Profit (Forecast)	Net Income (Forecast)
	Millions of Yer	Millions of Yer	Millions of Yer
Half-year	2,930,000	34,000	20,000
Annual	6,100,000	85,000	50,000

Reference: EPS(Projection): JPY 234.33

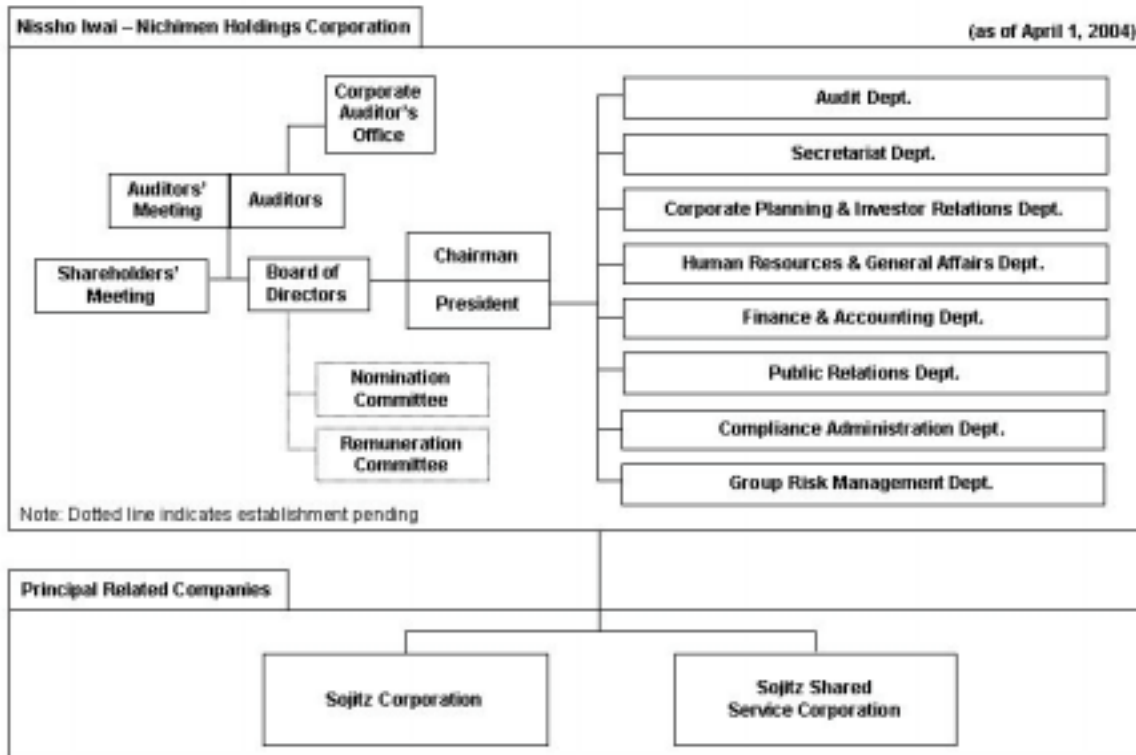
Notes: Please refer page 10 for additional items pertaining to premises for the above forecast.

## Status of the Corporate Group

Nissho Iwai – Nichimen Holdings Corporation was established on April 1, 2003 from the former Nichimen Corporation and Nissho Iwai Corporation, as a holding company established through stock exchange under Article 346 of the Commercial Code. It manages and supervises the operations of these subsidiaries, and to conduct related business.

The former Nichimen Corporation and Nissho Iwai Corporation merged on April 1, 2004 to form the new company, Sojitz Corporation. With this company at its core, the Sojitz Group operates as a general trading company engaged in the buying and selling of goods, as well as import and export. Its business interests extend to a wide variety of concerns throughout the world, including support for the manufacture, sales and service of an array of goods in Japan and overseas, responsibility for the planning, management and coordination of diverse projects, and financial support and investment in an assortment of business fields.

The Sojitz Group is comprised of 459 subsidiaries, and 236 affiliates for a total of 695 companies (of which, 557 are included in the scope of consolidation). The management structure and principal related companies are as follows:



Note: On April 1, 2004, from the former Nichimen Corporation and Nissho Iwai Corporation, wholly owned subsidiaries of Nissho Iwai – Nichimen Holdings Corporation, merged to form Sojitz Corporation. Nissho Iwai – Nichimen Shared Service Corporation changed its name to Sojitz Shared Service Corporation as of April 1, 2004. Sojitz Corporation and Sojitz Shared Service Corporation are wholly owned subsidiaries of Nissho Iwai – Nichimen Holdings Corporation.

## **Group Management Policy**

Nissho Iwai – Nichimen Holdings Corporation was established as a joint holding company by Nichimen Corporation and Nissho Iwai Corporation on April 1, 2003. Giving due consideration to the ultimate structure following integration of the two companies, on April 1, 2004 a merger of the companies' subsidiaries was completed, and launched under the name Sojitz Corporation.

In anticipation of the merger, the Group name was changed from Nissho Iwai - Nichimen Group to Sojitz Group. The name "Sojitz" is composed of two parts. The Japanese word "so" is used here to symbolize the strong partnership among us, our customers, and our society. The Japanese word "jitz" symbolizes our efforts to become a corporate group characterized by its dynamic energy and a source of great power. Together, "Sojitz" embodies the Group's commitment and dedication to secure sustained growth in concert with our customers and to realize a bright and prosperous future.

The Sojitz Group, through the merger of the two core operating companies, is strengthening its structural solidarity, bolstering and expanding profitability with business synergies, and fortifying its operating and financial structure with rationalization and efficient management in the aim of creating an innovative and functional trading company.

### **1. Basic Policy**

The Sojitz Group's basic policy, following the Management Vision outlined below, is to maximize the mutual benefit, rationalization and synergistic effects resulting from business integration to become an innovative and functional trading company with top-tier competitiveness and earning power by the close of Three-Year Business Plan on March 31, 2006, and maximize shareholder value.

#### **Management Vision**

- Establish a multi-faceted business, which has both top-tier competitiveness and strong earning power in specific industries and markets, by continuously pursuing profitability and growth in core business areas.
- Establish an innovative trading company, to actively respond to environmental changes and market globalization, and continuously develop new business fields through entrepreneurship.
- Establish a functional trading company, to understand multiple customer needs and provide sophisticated, tailor-made services as a customers' business partner.
- Establish an open company, where each employee is given a chance to realize his or her own personal goals and ambitions.

### **2. Basic Policy on Dividends**

The Company has positioned the return of profits to shareholders as a top management priority. In addition, the Company aims to increase shareholder value and provide dividends stably in the medium-term while accumulating sufficient retained earnings to improve its financial structure and strengthen the management foundation of the Group.

Specifically, the Company intends to accumulate the retained earnings it believes are necessary to reinforce its financial structure and to improve shareholder value during the Three-Year Business Plan.

### **3. Business Plan**

(1) Fundamental Policies

The following are the fundamental policies of the Three-Year Business Plan that began on April 1, 2003:

a. Improvement in Profitability through Business Portfolio Strategies

With selection and focus as the basic policies for managing its business portfolios, the Company aims to improve profitability by analyzing the characteristics of each business, based on its profitability and strategic importance alongside the reallocation of management resources, in line with these business characteristics.

In addition, the Company will aim to create new businesses and sales channels by maximizing synergies, while strongly promoting substantial reductions in selling, general and administrative expenses (SG&A), by pursuing its restructuring plan.

b. Reinforcement of Financial Strength by Increasing Shareholders' Equity and Reducing Interest-Bearing Debt

The Company aims to increase shareholders' equity by accumulating periodic income each term and through equity financing. The Company aims to build a sounder financial structure by paring down interest-bearing debt with free cash flow.

(2) Financial Targets

Financial targets for the final year (the fiscal year ending March 31, 2006) of the Business Plan are as follows:

- Recurring profit: More than ¥100 billion
- Net DER (net interest-bearing debt / shareholders' equity): 5 times or less

#### 4. Progress of the Business Plan

Numerical targets for the fiscal year ended March 31, 2004, and actual performance:

	Target	Actual	Rate of Achievement
Recurring profit	¥48.0 billion	¥48.5 billion	101%
Net DER	8.5 times	4.9 times	

Principal measures to achieve targets implemented during the period under review:

(1) Improvement in Profitability

During the fiscal year ended March 31, 2004, the first year of the Business Plan, the Company completed its restructuring plan as quickly as possible, a plan that included integration or dissolution of duplicate functions and domestic and overseas operating bases, restructuring and rationalization of the administrative functions, and integration of subsidiary companies. The reduction goals for the three-year rationalization plan were achieved within this first year.

Principal restructuring measures implemented during the first year are as follows:

Integration of administrative subsidiaries (July 1, 2003)

Integration of logistics subsidiaries (August 1, 2003)

Integration of chemicals business companies (October 1, 2003)

Integration of insurance subsidiaries (October 1, 2003)

Integration of subsidiaries in the Kyushu region (October 1, 2003)

Restructuring and integration of the plastics business (January 1, 2004)  
 Integration of travel agent subsidiaries (February 1, 2004)  
 Integration of petroleum-related subsidiaries (March 1, 2004)  
 Integration of machinery-related subsidiaries (April 1, 2004)  
 Integration of shipping subsidiaries (April 1, 2004)

Reductions in the number of employees (consolidated), consolidated subsidiaries, domestic and overseas operating bases achieved as of March 31, 2004, are as follows:

	As of September 30, 2002	Targets for March 31, 2006	Actual as of March 31, 2004	Rate of achievement
Employees (consolidated) *1	21,800	-6,200	-7,200	116%
Consolidated subsidiaries *1	430	-160	-172	108%
Domestic branches	8	-4	-4	100%
Overseas operating bases *2	187	-120	-125	104%

Notes:

1. Indicates progress toward achieving the original rationalization plan (excluding steel-related operations)
2. Actual figures for reductions (as of March 31, 2004) include integrations effective April 1, 2004.

## (2) Reinforcement of Financial Strength

### a. Equity financing

At the meeting of the Board of Directors held on April 25, 2003, the Company resolved to issue preferred and common stock by allocation to third parties. In May 2003, the Company increased its capital through the issuance of ¥266.0 billion in preferred stock, ¥7.2 billion in common stock.

### b. Capital increase program with Lehman Brothers

The convertible bonds were issued as a part of a 10-year framework utilizing a capital-raising commitment facility established with Lehman Brothers (commitment by Lehman Brothers to purchase convertible bonds up to a total of ¥50.0 billion). Using this capital acquisition framework, during the fiscal year ended March 31, 2004 the Company issued, in addition to the ¥5.0 billion in convertible bonds mentioned above, an additional ¥5.0 billion in convertible bonds in November 2003. Of the total ¥10.0 billion, ¥8.0 billion was converted to ordinary shares. The Company's equity policy is to flexibly implement appropriate measures to increase equity and to raise capital by utilizing this capital-raising commitment facility. The decision to issue convertible bonds is made with due consideration of prevailing share prices.

### c. Public offering of straight bonds

Through the two measures detailed above (letters "a" and "b"), the Company was able to vastly improve its financial structure. In addition, as part of a financial strategy to improve its financing structure, it was decided at the Board of Directors meeting held February 27, 2004 to issue straight bonds totaling ¥20.0 billion. Taking the market's positive reaction and demand into consideration, it was further decided at the Board of Directors meeting held March 25, 2004 to increase the offering to ¥25.0 billion. On March 10, 2004, the Company made its first unsecured bond offering (guaranteed by

Nichimen Corporation and Nissho Iwai Corporation) totaling ¥25.0 billion with a term of two years.

These measures, along with continued cuts in net interest-bearing liabilities, greatly improved the financial position, producing net DER of 4.9 times as of March 31, 2004, as compared to 41.4 times as of March 31, 2003.

## **5. Pressing Issues**

The Sojitz Group is pursuing its management goals of “Improvement in Profitability” and “Reinforcement of Financial Strength” through proactive implementation of the measures outlined in its Business Plan. The Group also recognizes the need to achieve recurring profit of over ¥100 billion, and net DER of five times or less, the two key financial targets for the final year of the Business Plan.

### **(1) Improvement in Profitability**

The timely implementation of rationalization measures taken by the Group is evidenced by completion within the first fiscal year (to March 31, 2004) of the three-year rationalization plan (detailed above), and the cuts in selling, general and administrative (SG&A) expenses completed ahead of schedule. Shifting focus toward strengthening and expanding earnings capacity, the Company is pursuing the following measures.

#### **a. Business portfolio strategies**

Under the management principle of selection and focus in the business portfolio, and in consideration of analysis on such factors as returns, risks, and capital costs in each business, the Company will seek to increase profitability through appropriate redistribution of management resources in accordance with the characteristics of each business. To achieve this goal, the Company has introduced a new management indicator to evaluate risk/return, the SCVA (Sojitz Corporation Value Added). The adoption of this indicator as a permanent means of evaluation for the Group’s businesses will allow the Group to control its overall risk and maximize returns. Also, while utilizing SCVA as a management indicator at each operational level (including portfolio management measures, department and division), the Company will employ the SCVA-based KPI (Key Performance Index) as a management indicator to evaluate performance of personnel, and one that reflects SCVA. This will establish a structure in which SCVA management is a foundation for corporate management.

#### **b. Pursuit of business synergies**

The Company will fully utilize the complementary relationships in the sales channels and business fields within Sojitz Corporation, the newly merged subsidiary and the Group’s core operating company, and realize business synergies, by creating new sales channels and businesses. Before the merger, the Company already realized synergies from the mutual sharing of customers of the former Nichimen Corporation and Nissho Iwai Corporation, that have resulted in new business contracts and cost reductions, such as those from joint charting of ships. Moving forward, the Company will greatly strengthen cooperation in anticipating market and customer needs, pursue more operational synergies, and build a high-value-added business through the creation of a proactive business value chain.

### **(2) Reinforcement of Financial Strength**

Along with investments in its principal businesses, the Company will continue to enhance shareholders’ equity and reduce net interest-bearing debt. The Company aims to improve financial indicators, such as its current and long-term debt ratios, through long-term funding.

## 6. Basic Stance on Corporate Governance and Measures Implemented

### (1) Basic Stance

The Sojitz Group considers clarification of its management responsibilities and accountability to stakeholders, including shareholders, to be an important issue. In order to strengthen its corporate governance, the Company has implemented a variety of measures aimed at improving the profitability of the entire Group and maximizing corporate value, based on the recognition that as the holding company for the Group, it is of the utmost importance for it to manage and oversee the business activities of the subsidiaries under its umbrella, and establish a highly transparent management framework.

### (2) Measures Implemented

#### a. Status of the management structure relating to decision-making, implementation and overseeing, and other corporate governance structures

- The Company has adopted the auditing system, with an auditing committee comprised of four auditors, of which two are outside auditors.
- At the annual general meeting of shareholders in June 2004, the Company intends to appoint Masaharu Hino, a lawyer, and Shigeo Muraoka, chairman of The Japanese Institute of Middle Eastern Economies (JIME), as outside directors.
- The Company's Board of Directors is the principal decision-making body within the Group, where the most important matters pertaining to Group management are considered and decided. In order to avoid duplication in the decision-making process and operation, as well as to improve efficiency and increase the speed of operations, far-reaching authority was transferred to Sojitz Corporation, the Group's core business company, and as of March 31, 2004, the Company's management meeting was abolished.
- The Company intends to establish nomination and remuneration committees, headed by an outside director, to nominate directors and to determine executive compensation, following the annual general meeting of shareholders in June 2004.
- Previously, the Group had the compliance organizations in former Nichimen Corporation and Nissho Iwai Corporation, respectively, the Ethics Compliance Committee within the former Nichimen Corporation, and the Compliance and Crisis Committee within the former Nissho Iwai Corporation. They implemented a variety of measures, including the creation of a manual outlining standards of behavior, efforts to familiarize executives with these standards of behavior to ensure compliance, and the establishment of a hotline to report violations or illegal conduct. In April 2004, the Compliance Administration Department was established within the Company, and a compliance program formulated with the aim of ensuring that executives and employees of the Sojitz Group abide by all laws and company regulations, and conduct themselves in an honorable way and in accordance with social norms. A compliance committee was also established within Sojitz Corporation, with the primary objective of ensuring the compliance with laws and regulations, as well as crisis management, within the Sojitz Group. The Company will continue to strive to strengthen compliance throughout the entire Group through education and other measures.



- Staff services for outside directors and auditors are provided by the Corporate Planning & Investor Relations Department and the Corporate Auditor's Office, which also serve internal directors and auditors.
- b. Personal, financial, and trading relationships, as well as other interests between the Company and the respective companies of the outside directors and auditors
- There are no interests either between the Company and the respective companies of Masaharu Hino and Shigeo Muraoka (due to be selected as outside directors at the annual general meeting of shareholders scheduled to be held in June 2004), nor between the Company and the respective companies of current outside auditors Teruo Nakamura and Masaji Shinagawa.
- c. Measures to enhance corporate governance implemented within the last year
- Since its establishment, the Company has employed introduced the executive officer system as a mean to clarify rights and responsibilities through separation of managerial decision-making and business executions functions, and increase the speed of decision-making and implementation. Also, in order to respond quickly and appropriately to the sudden changes in the business environment, and to clarify management responsibilities, the tenure for directors has been set at one year.
  - The Company understands the basics of investor relations, disclosing fair and reliable information voluntarily and in a timely manner. Also, in order to ensure a high degree of transparency in management, results are disclosed on a quarterly basis. (In April 2004, the Group's IR organization and personnel were merged with the Company's Corporate Planning & Investor Relations Department.)
  - The Company, acting as a holding company, and in order to strengthen the supervising and auditing functions toward its subsidiaries, in October 2003 integrated the auditing offices of the former Nichimen Corporation and Nissho Iwai Corporation, and established an auditing office within the Company. (It was renamed the Audit Department in April 2004.)

## **Business Results and Financial Position**

### **1. Business Results for the fiscal year ended March 31, 2004**

#### (1) Overview

During the fiscal year ended March 31, 2004, Nissho Iwai - Nichimen Holdings Corporation worked tirelessly to pursue the goals of its Business Plan with the aim of reinforcing financial structure by enhancing shareholders' equity and reducing interest-bearing debt. Also, based on its three-year business plan, the Company made decisive progress in the merger of subsidiaries, streamlining of personnel, and compiling a comprehensive review of Group-wide operating expenses. Due to improvements in its financial strength, the Company accounted for losses through the reorganization of subsidiaries and affiliates, and overseas doubtful receivables.

Consolidated net sales for the fiscal year ended March 31, 2004 totaled ¥5,861,737 million, which was 1.2% lower than our initial estimate of ¥5,930,000 million. Results were due to the restructuring of business portfolios, which were mainly steel-related businesses. Operating income totaled ¥59,948 million, after subtracting selling, general and administrative (SG&A) expenses of ¥189,074 million from gross trading profit of ¥249,022 million.

Although non-operating expenses of ¥69,757 million exceeded non-operating income of ¥58,269 million, the Company reported a recurring profit of ¥48,461 million, which was 1.0% above our initial estimate of ¥48,000 million.

Nissho Iwai - Nichimen Holdings recorded a net extraordinary loss of ¥90,563 million. Extraordinary gains were ¥22,173 million, principally consisting of a ¥21,492 million gain on disposal of investment securities, while extraordinary losses totaled ¥112,737 million, mainly comprising a loss on disposal of investment securities of ¥6,603 million, loss on revaluation of investment securities of ¥8,998 million, loss due to reorganization of subsidiaries and affiliates of ¥34,635 million, provision for overseas doubtful receivables of ¥28,338 million, restructuring loss of ¥6,633 million, special early retirement benefits of ¥7,050 million, and ¥15,271 million extraordinary loss on changes in retirement benefits plans.

As a result, consolidated loss before income taxes for the fiscal year ended March 31, 2004 was ¥42,101 million. After accounting for minority interests in consolidated subsidiaries and income taxes, the consolidated net loss amounted to ¥33,609 million, an improvement over the initial estimate of ¥29,000 million.

## (2) Consolidated Results by Business Segment

### *Machinery*

Sales in this segment totaled ¥1,098,680 million, mainly reflecting an increase in the Company's Boeing-related transactions and export trading of plant and equipment. Operating income was ¥14,040 million, owing to cutbacks in SG&A expenses.

### *Energy & Mineral Resources*

Sales in this segment were ¥1,666,335 million, due to rising crude oil prices and an increase in the volume of transactions. As a result of strong sales, operating income totaled ¥8,356 million.

### *Chemicals & Plastics*

Sales in this segment totaled ¥626,654 million. Operating income was ¥14,599 million, contributed by favorable earnings at chemicals-related companies.

### *Housing & Consumer Products*

This segment is comprised of textiles, foodstuffs, construction and related operations, forest products, and general merchandise & retail businesses. Sales in this segment were ¥1,368,199 million, while operating income was ¥27,290 million.

### *Overseas Subsidiaries*

Sales in this segment were ¥865,299 million. Operating income totaled ¥1,151 million.

### *Other*

The steel-related business was spun off and our information industry subsidiary converted to an equity-method affiliate. As a consequence, sales amounted to ¥236,567 million and operating income was ¥5,323 million.

## **2. Outlook for the fiscal year ending March 31, 2005**

Nissho Iwai - Nichimen Holdings' consolidated estimates for the fiscal year ending March 31, 2005, are as follows:

Net sales	¥6,100,000 million
Recurring profit	¥85,000 million
Net income	¥50,000 million

The above estimates are based on assumptions of a foreign currency exchange rate of ¥105 per U.S. dollar and an average crude oil price of US\$29/bbl (Dubai).

These earnings estimates are based on rational assumptions and beliefs in light of information currently available to management. Accordingly, actual results may differ

significantly from the Company's estimates due to changes in domestic and overseas market conditions, foreign exchange rates and a variety of other factors. The Company will release a notification of any changes to its estimates in the event of a major change in the operating environment.

### **3. Financial Position as of March 31, 2004**

#### **(1) Consolidated Balance Sheet**

Shareholders' equity as of March 31, 2004 stood at ¥316,234 million, boosted by proceeds from the issue of preferred and common stock of ¥266,000 million and ¥7,181 million, respectively, in May 2003. Total assets were ¥3,077,022 million. Interest-bearing debt totaled ¥1,992,726 million, with net interest-bearing debt (less cash and time deposits) of ¥1,557,055 million.

In May, Nissho Iwai - Nichimen Holdings also established a ¥50,000 million capital-raising commitment facility (commitment by Lehman Brothers to purchase convertible bonds up to a total of ¥50,000 million). As of March, the Company had issued convertible bonds totaling ¥10,000 million, of which ¥8,000 million had been converted to common stock.

#### **(2) Consolidated Cash Flows**

For the fiscal year ended March 31, 2004, net cash provided by operating activities totaled ¥87,160 million, net cash provided by investing activities was ¥73,030 million, and net cash expended by financing activities was ¥68,602 million, reflecting the increase in capital and the reduction of long term debt. After accounting for the effect of the foreign currency translation adjustment and changes to the scope of consolidation, total cash and cash equivalents as of the end of the period amounted to ¥401,240 million.

**Consolidated Statements of Income**  
for the fiscal year ended March 31, 2004

	Millions of yen	Percentage of Net sales (%)
<b>Net sales</b>	5,861,737	100.00
Cost of sales	(5,612,714)	( 95.75 )
<b>Gross trading profit</b>	249,022	4.25
Selling, general and administrative expenses	(189,074)	( 3.23 )
<b>Operating profit</b>	59,948	1.02
Interest income	24,572	0.42
Dividend income	4,543	0.08
Equity in gains of unconsolidated subsidiaries and affiliates	5,929	0.10
Income on sale and revaluation of investment securities	7,400	0.13
Other income	15,823	0.27
<b>Non-operating profit</b>	58,269	1.00
Interest expense	(53,590)	( 0.91 )
Interest expense on commercial papers	(2,085)	( 0.04 )
Other expense	(14,081)	( 0.24 )
<b>Non-operating expense</b>	(69,757)	( 1.19 )
<b>Recurring profit</b>	48,461	0.83
Extraordinary loss-net	(90,563)	( 1.55 )
<b>Income before income taxes</b>	(42,101)	(0.72)
Income taxes;      Current	(12,282)	( 0.21 )
Deferred	23,058	0.40
Minority interests in consolidated subsidiaries	(2,282)	( 0.04 )
<b>Net loss</b>	(33,609)	( 0.57 )

**Extraordinary Income and Loss**  
**for the fiscal year ended March 31, 2004**

	Millions of yen
<b>Extraordinary Income;</b>	
Gain on property & equipment	681
Gain on sale of investment securities	21,492
<b>Total extraordinary income</b>	<b>22,173</b>
<b>Extraordinary Loss;</b>	
Loss on property & equipment	(4,999)
Loss on sale of investment securities	(6,603)
Evaluation loss on investment securities & investments other than securities	(8,998)
Loss due to reorganization of subsidiaries and affiliates	(34,635)
Provision for overseas doubtful receivables	(28,338)
Special early retirement benefits	(7,050)
Expenses loss on changes in retirement benefits plans	(15,271)
Restructuring loss, other	(6,839)
<b>Total extraordinary loss</b>	<b>(112,737)</b>
<b>Extraordinary income/loss-net</b>	<b>(90,563)</b>

Reference: the following accounts are not included in the above extraordinary items.

Provision for doubtful receivables	(2,629)
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(Included in Selling, general & administrative expenses)

## Consolidated Balance Sheets

As of March 31, 2004

### Assets

	Millions of yen
<b>Current assets;</b>	
Cash and deposits	435,671
Trade notes and trade accounts receivables	708,982
Securities	17,705
Inventories	239,499
Short-term loans receivables	188,002
Deferred tax assets-current	13,346
Other current assets	171,637
Allowance for doubtful receivables	(39,926)
Total current assets	1,734,918
 <b>Fixed assets;</b>	
Tangible assets	493,163
Intangible assets;	
Goodwill	41,375
Other intangible assets	24,852
 Investments and other fixed assets;	
Investments securities	410,531
Long-term loans	182,093
Deferred tax assets-non-current	95,685
Deferred tax assets-revaluation	1,822
Others	234,988
Allowance for doubtful receivables	(143,786)
Total fixed assets	1,340,726
 <b>Long-term deferred assets</b>	 1,377
<b>Total assets</b>	<b>3,077,022</b>

## Consolidated Balance Sheets

As of March 31, 2004

### Liabilities and shareholders' equity

Millions of yen

<b>Liabilities</b>	
<b>Current liabilities</b>	
Trade notes and trade accounts payables	479,264
Short-term debts	1,320,861
Commercial paper	141,200
Current Portion of Long-term debt	38,858
Income taxes payable	7,788
Deferred tax liabilities-current	257
Allowance for restructuring loss	500
Other current liabilities	223,588
<b>Total current liabilities</b>	<b>2,212,318</b>
<b>Non-current liabilities;</b>	
Bonds, less current portion	61,167
Long-term borrowings	430,640
Allowance for retirement benefits	7,928
Deferred tax liabilities -non-current	10,463
Other non-current liabilities	26,259
<b>Total non-current liabilities</b>	<b>536,459</b>
<b>Total liabilities</b>	<b>2,748,778</b>
<b>Minority Interest in consolidated subsidiaries</b>	<b>12,009</b>
<b>Shareholders' equity</b>	
Common stock	150,606
Additional paid-in capital	346,619
Accumulated deficit	(104,802)
Loss on land revaluation	(5,469)
Unrealized losses on available-for-sale securities	16,692
Foreign currency translation adjustments	(87,379)
Treasury stock	(32)
<b>Total shareholders' equity</b>	<b>316,234</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,077,022</b>



## Consolidated Statements of Cash Flow

As of March 31, 2004

	Millions of yen
<b>Operating activities;</b>	
Income (loss) before income taxes	(42,101)
Depreciation and amortization	33,557
Loss on revaluation of securities	8,998
Change in provision for doubtful receivables	23,570
Interest and dividend income	(29,116)
Interest expense	55,675
Equity in gains (losses) of unconsolidated subsidiaries and affiliates	(5,929)
Gains on sale of securities - net	(21,945)
Gains on sale of property & equipment	4,317
Change in trade receivables	101,743
Decrease (increase) in inventories	52,938
Change in trade payables	(49,161)
Others-net	(45,386)
Net cash provided by operating activities	87,160
 <b>Investing Activities</b>	
Change in time deposit - net	(15,090)
Change in marketable securities - net	6,687
Payments for property & equipment	(10,848)
Proceeds from sale of property & equipment	3,794
Payments for purchase of investment securities	(14,347)
Proceeds from sale of investment securities	76,995
Change in short - term loans - net	30,625
Increase of long - term loans	(35,559)
Collection of long-term loans	24,410
Others - net	6,401
Net cash provided by investing activities	73,030
 <b>Financing activities</b>	
Change in short-term debt - net	(189,312)
Change in commercial paper	119,600
Proceeds from long-term debt	176,441
Repayments of long-term debt	(409,663)
Proceeds from issuance of bonds	47,225
Redemption of bonds	(85,794)
Proceeds from capital increase	272,223
Others - net	677
Net cash provided by financing activities	(68,602)
Effect of Exchange rates change on cash & cash equivalents	(5,630)
Net increase(decrease) in cash & cash equivalents	85958
Cash & cash equivalents at the beginning of the period	310,441
Cash & cash equivalents of newly consolidated subsidiaries	4,840
Cash & Cash equivalents at the end of the period	410,240

**Segment Information**  
for the fiscal year ended March 31, 2004

**Business Segments**

Millions of yen

	Machinery	Energy & Mineral Resources	Chemicals & Plastics	Housing & Consumer Products	Overseas Subsidiaries	Other	Total	Elimination	Consolidated
Net sales									
Outside customers	1,098,680	1,666,335	626,654	1,368,199	865,299	236,567	5,861,737	-	5,861,737
Inter-segment	9,817	57,854	27,253	24,927	287,781	55,053	462,689	( 462,689 )	-
Total	1,108,497	1,724,190	653,908	1,393,127	1,153,081	291,621	6,324,426	( 462,689 )	5,861,737
Operating expense	1,094,457	1,715,833	639,308	1,365,836	1,151,930	286,297	6,253,664	( 451,875 )	5,801,788
Operating profit (loss)	14,040	8,356	14,599	27,290	1,151	5,323	70,762	( 10,814 )	59,948
Total assets	414,189	313,585	417,436	833,347	701,575	355,812	3,035,947	41,075	3,077,022

(Notes)

The amount of total assets categorized in "Elimination" includes not only inter-company elimination but the Company's common property, such as cash and cash equivalent, marketable securities etc.

Housing & Consumer Products is composed of textiles, foodstuffs, construction and related operations, forest products, general merchandise & retail business. Other includes the information industry and steel-related business.

**Segment Information**  
for the fiscal year ended March 31, 2004

**Geographic Segments**

Millions of yen

	Japan	North America	Europe	Asia & Oseania	Other	Total	Elimination	Consolidated
Net sales								
Outside customers	4,658,268	284,442	208,370	691,650	19,007	5,861,737	-	5,861,737
Inter-segment	298,832	582,703	22,861	488,313	123	1,392,832	( 1,392,832 )	-
Total	4,957,100	867,145	231,231	1,179,963	19,130	7,254,569	( 1,392,832 )	5,861,737
Operating expense	4,910,276	867,145	229,214	1,172,426	17,332	7,196,397	( 1,394,608 )	5,801,788
Operating profit (loss)	46,824	(4)	2,017	7,537	1,798	58,172	1,776	59,948
Total assets	2,606,909	268,573	326,665	329,178	68,997	3,600,322	( 523,300 )	3,077,022

(Notes)

Principal regions and countries included in each geographic segment are as follows;

North America:	United States, Canada
Europe:	UK, Spain, Germany etc.
Asia & Oseania:	Shingapore, China, Thailand etc.
Other :	South America, Africa

The amount of total assets categorized in "Elimination" includes not only inter-company elimination but the Company's common assets, such as cash and cash equivalent, marketable securities etc.