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## **X KURIMOTO, LTD.**

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
Telephone (06)6538-7724  
Facsimile (06)6538-7756

URL <http://www.kurimoto.co.jp/engl.htm>

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All for the future of our planet

# ANNUAL REPORT

*Year ended March 31, 2003*

**X KURIMOTO, LTD.**



## KURIMOTO, LTD.

In 1909 Kurimoto, Ltd. began operations as manufacturer of cast iron pipes for water and gas mains. With determination and foresight, the company soon began to diversify into other fields, serving the industrial sector in a multitude of ways. The major divisions of Kurimoto now provide ductile iron pipes, steel structures, plant equipment and engineering services, valves, and construction materials. Involvement with and commitment to large-scale projects has enabled Kurimoto to expand its areas of expertise, be it in land development, industrial modernization, or urban renewal and construction. 14 factories located throughout Japan comprise the company's industrial base which, together with 28 subsidiary companies, make up the Kurimoto group employing about 2,500 people. Today, Kurimoto plays a vital role in supplying basic industrial products, machines, and services domestically and abroad.

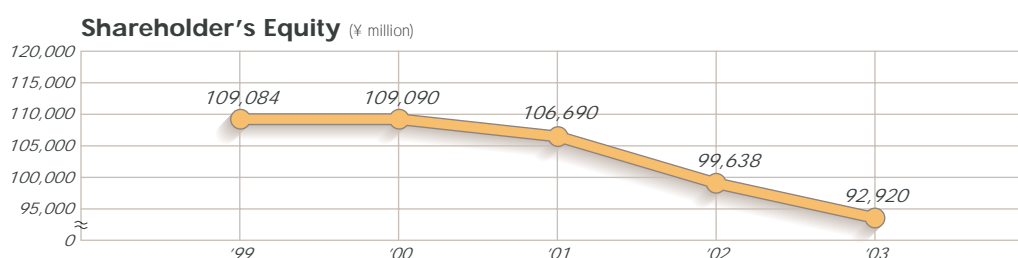
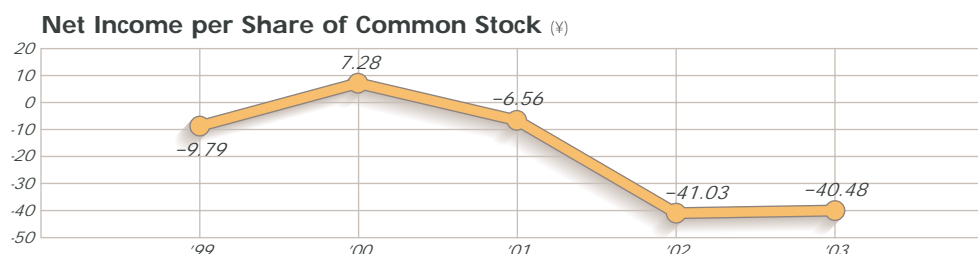
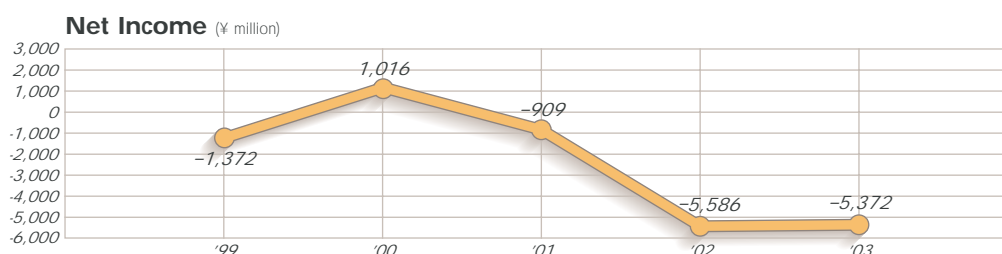
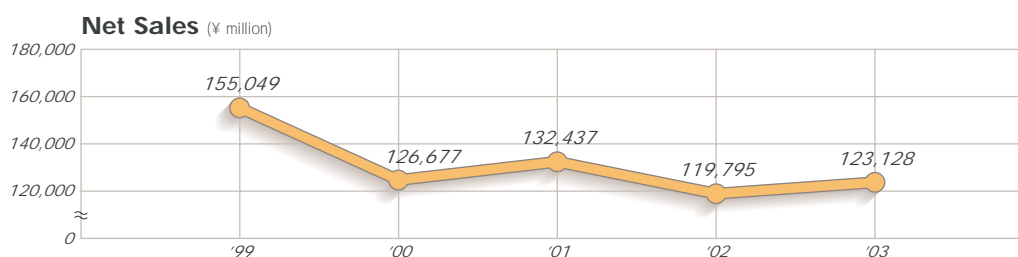
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# Financial Highlights

Years ended March 31	Millions of yen (thousands of U.S. dollars) except per 1,000 share information					
	2003	2002	2001	2000	1999	2003
Net sales .....	¥ 123,128	¥ 119,795	¥ 132,437	¥ 126,677	¥ 155,049	\$ 1,024,361
Net income (loss) .....	(5,372)	(5,586)	(909)	1,016	(1,372)	(44,695)
Per 1,000 shares of common stock						
Net income (loss) .....	(40,478)	(41,030)	(6,560)	7,280	(9,791)	(336)
Cash dividends .....	4,000	4,000	8,000	8,000	8,000	33
Total assets .....	181,275	190,817	202,714	197,841	199,962	1,508,112
Total shareholders' equity .....	92,920	99,638	106,690	109,090	109,084	773,052

Notes: The U.S. dollar amounts are calculated at the exchange rate of ¥120.20 to \$1, the rate prevailing on March 31, 2003.



# President's Message

The Japanese economy during the period under review continued to be in a difficult position under deflation, and economic recovery appears to be on hold. There are some reasons for this: concern over the direction of the U.S. economy, decline in public investment and personal consumption, the sluggish condition of private capital investment and stock markets, and a delay in removing nonperforming loans.

Under such circumstances, we committed ourselves to improving and strengthening our management structure by employing several measures for business recovery, and made strenuous efforts to recapture orders and sales and raise profit yields.

Concerning orders, the market environment continued to be very problematic. Areas related to public works, such as the Steel Structure division and those divisions dealing with environmental areas and private sector demands, suffered decreases.

In sales, while the Plant Engineering and Machinery division posted gains in environmental areas, and the Steel Structures and the New Business divisions showed similar successes, the Ductile Iron Pipe, Valves, Construction Materials and Construction divisions suffered from decrease.

Meanwhile, the Chemical Products division and some areas of the Plant Engineering and Machinery division were integrated into the operations of our affiliates during the period under review, in order to streamline business operations. Consequently, the amount of sales was 123.1 billion yen (1,024.3 million dollars), which was a 2.8% increase compared to the previous term.

With regards to profits, we managed to reduce fixed expenses and sales expenses by focusing on personnel downsizing and through pay cutting. This was to deal with the decrease in the amount of sales due to declining demand and lowered prices, and resulted in a on operating income of 2.2 billion yen (18.5 million dollars). After improvement of both operational and ordinary profit and loss. However, the overall loss for the period under review amounted to 5.3 billion yen (44.6 million dollars) owing to the additional amount necessary for the early retirement system and an extraordinary loss generated by the deficit from the revaluation of securities.

As part of the promotional measures to decentralize our company operations, we merged part of our Plant Engineering and Machinery division and the machinery-related section in Kurimoto Trading Co., Ltd., one of our affiliates, to establish Kurimoto Mec Ltd. in April 2002, in order to pursue customer satisfaction and deliver a sales service. We also amalgamated our Plastic Products division with Kurimoto Plastics Co., Ltd., another of our

affiliates, and established four new affiliates: Kurimoto Information Systems Co., Ltd. to streamline our areas related to information, Kurimoto Finance Co., Ltd. in July 2002 to deal with the financial side of the business more efficiently, Plants Eco-cycle Co., Ltd. in August 2002 for cut grass treatment, and Kurimoto Soil Bank Co., Ltd. in October 2002 to enter the soil purification business.

With regard to dividends at the end of the period under review, after serious consideration of our current and possible future corporate circumstances, we felt it necessary to take the regrettable step of reducing the dividend payoff by 2,000 yen (16 dollars) per 1,000 shares, and the annual dividend including the interim dividend was 4,000 yen (33 dollars) per 1,000 shares. We hope that you will understand the difficult circumstances we are facing and will continue to support us through these trying times.

Full-scale recovery for the Japanese economy in the foreseeable future is still uncertain. The situation does not allow for premature conclusions as there are still a fair number of concerns that exist, such as the low level of growth in personal consumption, and also capital investment.

As for gaining a perspective on our business, tough conditions are still expected due to a reduction in public works spending and the turmoil surrounding capital investment related to private sector demand. To deal with this situation, we will focus on the pursuit of customer satisfaction as our basic principle and promote the following core measures with the purpose of bringing about the early recovery of our business.

There has been a change in the business environment, due to a reduction in public works. As a response to this, we will actively promote policies to develop new business areas and new products with the keywords, "environment, energy, lifestyle-oriented, and overseas," with an eye to strategic M&A and alliances. We will also put a number of management initiatives into practice to focus on profits, by reorganizing our business operation structure and reviewing the systems for sales, technology development and our production system.

Regarding sales, our Ductile Iron Pipes division has joined up with J-TEAM, a private company that offers total management of the growing water industry, with the aim of expanding orders. In one of our most important areas, the environment-related section of the Plant Engineering and Machinery division, we will try to expand sales in non-incineration equipment, such as waste carbonization systems. We will also make inroads into private recycling facilities for industrial waste, as well as enhancing the business by proposing innovation in existing



Seizo Yokouchi  
President

facilities. Furthermore, at the Valves division and the industrial machinery area of the Plant Engineering and Machinery division, we will strengthen international competitiveness by creating demands in certain overseas market including China and other Asian countries, promoting overseas procurement, and positively reinforce the function of overseas production bases.

In order to improve earnings, we will try to strengthen our management structure and improve our financial standing through the dynamic cost-cutting of personnel expenses and external expenditures, as well as reducing capital investment and compressing assets.

Finally, as part of our strategy to intensify our management system, we have divided our headquarters into the "Total Strategy Room" and the "Total Coordination Room" under a new president's team. We have also activated a committee to oversee local market strategy, with the top people from headquarters and our branch offices as members, in order to promote a sales strategy that focuses on ensuring the receiving of orders. In addition, we have established a new personnel system based on performance with the purpose of improving each employee's awareness and enhancement of a healthy corporate atmosphere.

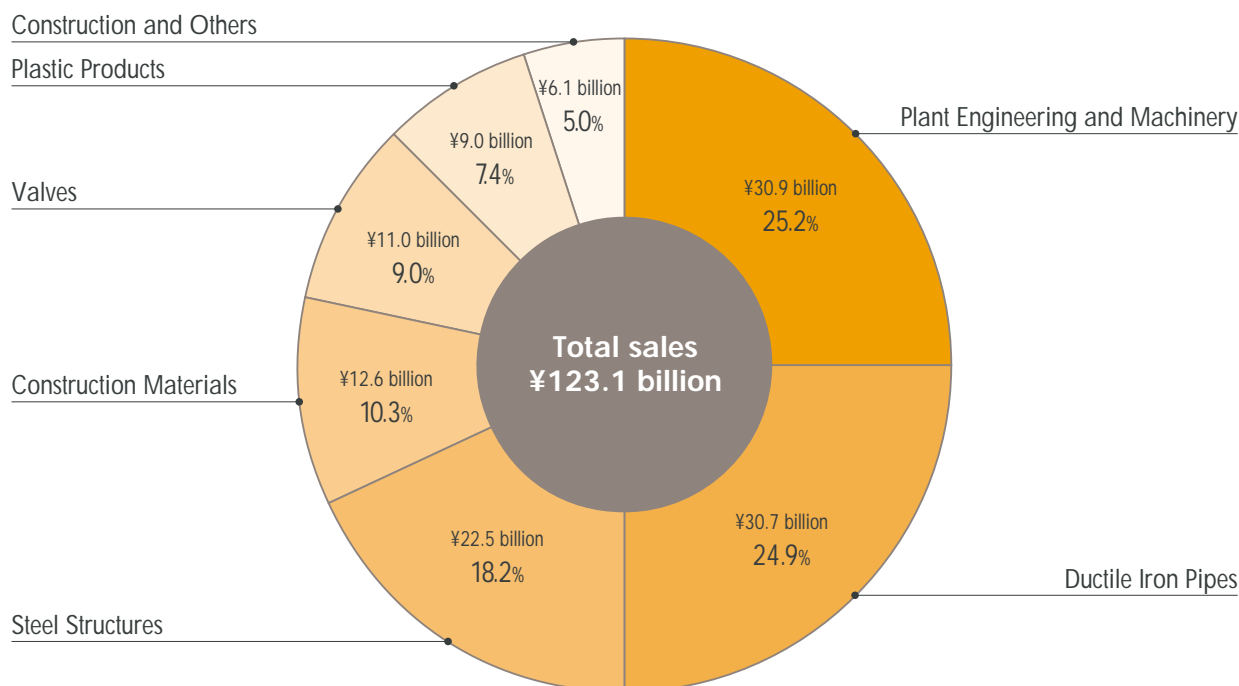
Thank you for your continuing support.

June 2003

A handwritten signature in dark ink, reading "S. Yokouchi". The signature is written in a cursive, flowing style.

Seizo Yokouchi  
President

# Business Operations



## Ductile Iron Pipes

The severe situation has continued especially in both national and local public works. In the water market, which is the main market of this division, the number of small and large scale water lines has dropped dramatically. Under such conditions, we are making the expansion of outlets and stabilization of the number of the orders, two of our top business priorities.

Sales: ¥30.7 billion (8.9% decrease from the previous term)

### Production:

Ductile iron pipes, specially shaped pipes, accessories, gas dehydration systems, wear-resistant pipes.



## Plant Engineering and Machinery

As for business concerning the environment, special procurement with regard to last year's dioxin regulation has been settled for the time being. With regard to business concerning industrial machinery, the crushing machines section, the castings section and the special product section were spun off into separate companies. Due to this, the division's amount of orders accepted has decreased. On the other hand, the amount in sales achieved a record-high level, as four facilities were completed (2 gas fusion furnaces and 2 waste carbonization plants) and the presses section showed outstanding performance overseas.

Sales: ¥30.9 billion (28.7% increase from the previous term)

### Production:

Crushing machines, grinding machines, sorting machines, mixing and blending machines, kneading machines, double-axle extruders, crushing plants, chemical plants, dust collectors, electrostatic precipitators, solvent recovery systems, bulky waste-crushing and processing facilities, municipal waste incinerator facilities, recycling plants, vertical-parking garage systems, vertical automated warehousing systems, forging presses, trimming presses, billet-shearing machines, forging rollers, NC and CNC bending rollers, automated conveying equipment, hydraulic presses, wear-resistant castings, heat-resistant and corrosion-resistant steel castings, precision castings, dredging pumps, sand pumps, slurry pumps, hard-faced built-up products, ceramics.





### Steel Structures

There was a reduction in the budget for public works, owing to the government's structural reforms, and orders were withheld, because of the privatization of the four public highway corporations. Due to such reasons, the market size has shrunk significantly. Under these circumstances, the division is making great strides with accepting orders with locally based sales and technology proposals, and attempting to improve its competitiveness by streamlining production.

Sales: ¥22.5 billion (8.9% increase from the previous term)

#### Operations:

Bridges, steel frames, water gates, aqueducts, penstocks, branch pipes, water circulation pipes, welded steel pipes, dust collectors.



### Plastic Products

We poured effort into agricultural aqueducts in a difficult market.

Sales: ¥9.0 billion (3.2% increase from the previous term)

#### Production:

Reinforced plastic duplex tubes (electrical conduits, sewerage pipes, agricultural water pipes), composite sheet materials, FRP pipes, synthetic resin molded products.



### Construction Materials

The market size has decreased remarkably, after the completion of some big building construction projects in the Tokyo Metropolitan Area. There has also been a decrease in the amount of construction generally and a decline in the ordering prices of apartment buildings. Under such difficult conditions, the division's main focus is to improve competitiveness by thorough cost cutting and reinforcement of the outlet system for construction products.

Sales: ¥12.6 billion (9.8% decrease from the previous term)

#### Production:

Winding pipes, spiral ducts, oval ducts, flexible ducts, winding sheathing, stainless ducts, soundproofing products.



### Construction

Local governments received reduced aid budgets from the national or prefectural government, and some planned projects were carried over. In such a very severe environment for orders, the division is making strong efforts in the markets of its main fields, that are water and sewage, simple waterworks, and agricultural aqueduct construction.

Sales: ¥4.5 billion (15.8% decrease from the previous term)

#### Operations:

All types of public water projects (water pipelines, small water-supply systems, agricultural water pipes, sewerage pipes), rural sewage treatment facilities, propulsion systems, all types of project analysis, design, and construction.



### Valves

There was a reduction in the public works budget regarding water and sewage, which is the division's main field, and private capital investment activity was further restrained. In such a tough market environment, the division is striving to enhance competitiveness by creating demand in overseas markets and promoting overseas procurement.

Sales: ¥11.0 billion (11.7% decrease from the previous term)

#### Production:

Butterfly valves, sluice valves, check valves, air valves, fire hydrants, mobile weirs, Hakucho all-stainless-steel butterfly valves, Monotight valves, backwash valves, resow auto valves, water quality monitors, Sleeve valves, blast furnace valves.





# Consolidated Subsidiaries

Kurimoto, Ltd. produces and sells various kinds of products, such as iron pipes, valves, machinery, steel structures, light steel pipes, and stage pressure machines. Kurimoto's business affiliates are run as an enterprise group and the related companies are described below.

## Kurimoto Trading Co., Ltd.

Director: Yosuke Matsumoto  
 Operations: Marketing of cast iron pipes, valves, and synthetic resin products  
 Capital: ¥200 million (US\$1,663,893)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in December 1952 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥11,065 million (US\$92,058 thousand)  
 (42.8% decrease)  
 Sales: ¥12,201 million (US\$101,513 thousand)  
 (40.0% decrease)

## Kurimoto Plastics Co., Ltd.

Director: Etsuo Araki  
 Operations: Production and marketing of FRP pipes, synthetic resin products, and fiber-reinforced cement products  
 Capital: ¥300 million (US\$2,495,840)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in April 1971 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥7,728 million (US\$64,299 thousand)  
 (54.3% increase)  
 Sales: ¥7,037 million (US\$58,544 thousand)  
 (21.7% increase)

## Kurimoto Construction & Engineering, Ltd.

Director: Tateki Oyoshi  
 Operations: Construction and engineering of steel structures  
 Capital: ¥100 million (US\$831,946)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in November 1986 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,343 million (US\$11,175 thousand)  
 (29.8% decrease)  
 Sales: ¥2,047 million (US\$17,036 thousand)  
 (7.0% decrease)

## Kurimoto Construction Material, Ltd.

Director: Kunio Ishihuku  
 Operations: Production of construction materials  
 Capital: ¥100 million (US\$831,946)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in October 1962 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥173 million (US\$1,446 thousand)  
 (63.9% decrease)  
 Sales: ¥173 million (US\$1,446 thousand)  
 (63.9% decrease)

## Kurimoto Maintenance & Service, Ltd.

Director: Tsutomu Taki  
 Operations: Maintenance of various plants  
 Capital: ¥100 million (US\$831,946)  
 Stockholder: 80% of stock is owned by Kurimoto, Ltd. and 20% by Kurimoto Trading Co., Ltd.  
 Established: Founded in October 1989 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,565 million (US\$13,022 thousand)  
 (72.2% increase)  
 Sales: ¥1,786 million (US\$14,862 thousand)  
 (35.8% decrease)

## Kurimoto Valve Engineering, Ltd.

Director: Katsumi Horii  
 Operations: Installation works and maintenance of valves  
 Capital: ¥50 million (US\$415,973)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in June 1998 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,048 million (US\$8,720 thousand)  
 (3.7% increase)  
 Sales: ¥1,143 million (US\$9,514 thousand)  
 (14.9% increase)

## Kurimoto Trading Corporation

Director: Kenji Machida  
 Operations: Manufacture and sales of cast iron pipes, pipe fittings and pipe accessories  
 Capital: ¥50 million (US\$415,973)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in April 2001 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥12,732 million (US\$105,925 thousand)  
 (53.5% increase)  
 Sales: ¥12,732 million (US\$105,925 thousand)  
 (53.5% increase)

## Pype Systems & Technology, Ltd.

Director: Masayoshi Kitagawa  
 Operations: Investigation, planning, design, engineering, maintenance and operating of pipelines and facilities, research & developments, sales and leases of piping materials and implements  
 Capital: ¥100 million (US\$831,946)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in April 2001 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,211 million (US\$10,075 thousand)  
 (70.6% increase)  
 Sales: ¥945 million (US\$7,868 thousand)  
 (35.0% increase)

## Kurimoto Logistics Co., Ltd.

Director: Masao Tomo  
 Operations: Truck carrier  
 Capital: ¥100 million (US\$831,946)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Established in March 1960 and became a subsidiary in 2001.  
 Orders: ¥3,268 million (US\$27,190 thousand)  
 (23.8% decrease)  
 Sales: ¥3,268 million (US\$27,190 thousand)  
 (23.8% decrease)

## Kurimoto Mec Ltd.

Director: Enji Hatanaka  
 Operations: Marketing of wear resistant castings, crushers  
 Capital: ¥90 million (US\$748,752)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in April 2002 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥9,507 million (US\$79,099 thousand)  
 Sales: ¥6,837 million (US\$56,882 thousand)

## Kurimoto Finance Co., Ltd.

Director: Hidetsugu Morishita  
 Operations: Consulting about financial strategy planning, fund procurement, and its management.  
 Capital: ¥10 million (US\$83,194)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: Founded in July 2002 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥19 million (US\$159 thousand)  
 Sales: ¥19 million (US\$159 thousand)



# Financial Section

## Consolidated Balance Sheets

March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
Assets	2003	2002	2003
<b>Current assets</b>			
Cash and time deposits .....	¥ 17,439	¥ 20,709	\$ 145,090
Trade notes and accounts receivable .....	46,093	51,658	383,477
Trade notes and accounts receivable —— unconsolidated subsidiaries and affiliates .....	2,774	1,852	23,079
Marketable securities .....	2,190	1,657	18,227
Inventories (Note 3) .....	20,468	28,971	170,290
Deferred income taxes (Note 11) .....	559	629	4,651
Prepaid expenses and other current assets .....	8,722	4,749	72,565
Allowance for doubtful accounts .....	(334)	(121)	(2,786)
Total current assets .....	97,914	110,106	814,597
<b>Property, plant and equipment</b>			
Buildings and structures .....	28,324	28,904	235,641
Machinery and equipment .....	63,756	65,532	530,423
Land .....	28,753	28,716	239,211
Construction in progress .....	864	440	7,188
Accumulated depreciation .....	(70,029)	(69,693)	(582,609)
Total property, plant and equipment .....	51,668	53,900	429,855
<b>Investments and other assets</b>			
Investment securities —— other .....	15,046	13,296	125,177
Investment securities —— unconsolidated subsidiaries and affiliates .....	3,093	2,233	25,736
Long-term loans —— other .....	169	697	1,413
Long-term loans —— unconsolidated subsidiaries and affiliates .....	160	244	1,331
Other investments .....	4,760	3,165	39,603
Allowance for doubtful accounts .....	(2,161)	(384)	(17,980)
Deferred income taxes (Note 11) .....	10,255	7,038	85,320
Long-term prepaid expenses and other .....	367	520	3,058
Total investments and other assets .....	31,691	26,810	263,660
<b>Total Assets</b> .....	<b>¥181,275</b>	<b>¥190,817</b>	<b>\$1,508,112</b>

	Millions of yen		Thousands of U.S. dollars (Note 2)
Liabilities and Shareholders' Equity	2003	2002	2003
<b>Current liabilities</b>			
Trade notes and accounts payable .....	¥ 29,038	¥ 33,408	\$ 241,587
Trade notes and accounts payable —— unconsolidated subsidiaries and affiliates .....	2,072	1,019	17,238
Short-term bank loans (Note 4) .....	16,390	7,180	136,356
Current portion of long-term debt .....	10,155	4,261	84,485
Accrued taxes on income .....	464	226	3,866
Accrued liabilities .....	3,883	5,034	32,309
Advances received .....	6,065	10,622	50,463
Employees' savings deposits .....	900	1,134	7,493
Other current liabilities .....	3,563	3,068	29,645
Total current liabilities .....	72,534	65,955	603,445
<b>Long-term liabilities</b>			
Retirement benefits (Note 5) .....	6,627	8,627	55,135
Long-term debt (Note 4) .....	9,192	16,595	76,479
Total long-term liabilities .....	15,820	25,223	131,614
Total liabilities .....	88,354	91,178	735,060
<b>Shareholders' Equity</b>			
Common stock .....	31,186	31,186	259,451
Authorized: 394,856,000 shares			
Issued: 135,070,165 shares in 2002			
133,984,908 shares in 2003			
Capital surplus .....	28,714	28,950	238,890
Retained earnings .....	33,587	39,516	279,429
Other valuation difference on securities .....	(32)	(13)	(273)
Treasury stock .....	(534)	(1)	(4,446)
Total shareholders' equity .....	92,920	99,638	773,052
<b>Total Liabilities and Shareholders' Equity .....</b>	<b>¥181,275</b>	<b>¥190,817</b>	<b>\$1,508,112</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated Statements of Income

Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2003	2002	2003
Net sales .....	¥ 123,128	¥ 119,795	\$ 1,024,361
Cost of sales .....	97,764	94,799	813,352
Gross profit .....	25,363	24,995	211,008
Selling, general and administrative expenses .....	23,135	26,294	192,476
Operating income (loss) .....	2,227	(1,298)	18,532
Other income and (expenses)			
Interest and dividend income .....	439	343	3,652
Interest expense .....	(520)	(656)	(4,333)
Gain on adjustment of income / loss in the prior period .....	17	47	147
Gain on sale of land .....	905	1,525	7,530
Gain on sale of investment securities .....	—	680	—
Additional allowance for early retirement .....	(3,360)	(1,458)	(27,959)
Increase (decrease) due to a change in accounting standards for retirement benefit obligation .....	(1,387)	(1,386)	(11,543)
Loss on revaluation of investment securities .....	(2,070)	(2,865)	(17,222)
Loss on business reorganization .....	(—)	(1,552)	(—)
Addition of allowance for doubtful accounts .....	(1,657)	(—)	(13,792)
Others, net .....	(2,642)	(2,272)	(21,985)
Income (loss) before income taxes .....	(8,050)	(8,890)	(66,972)
Income Taxes (Note 11)			
Current .....	447	396	3,726
Deferred .....	(3,125)	(3,699)	(26,003)
Net income (loss) .....	¥ (5,372)	¥ (5,586)	\$ (44,695)

	yen		U.S. dollars (Note 2)
	2003	2002	2003
Net income (loss) per 1,000 shares:			
Basic .....	¥ (40,478)	¥ (41,030)	\$ (336)
Diluted .....	(40,478)	(41,030)	(336)
Cash dividends per 1,000 shares .....	4,000	4,000	33

## Consolidated Statements of Shareholders' Equity

	Millions of yen		
	Common stock	Capital surplus	Retained earnings
Balance at April 1, 2001 .....	¥ 31,186	¥ 29,564	¥ 45,939
Net income (loss) for the year .....			(5,586)
Redemption of treasury stock .....		(614)	—
Cash dividends .....			(821)
Bonuses to directors and statutory auditors .....			(14)
Balance at March 31, 2002 .....	¥ 31,186	¥ 28,950	¥ 39,516
Net income (loss) for the year .....			(5,372)
Redemption of treasury stock .....		(235)	—
Cash dividends .....			(535)
Bonuses to directors and statutory auditors .....			(20)
Balance at March 31, 2003 .....	¥ 31,186	¥ 28,714	¥ 33,587

	Thousands of U.S. dollars (Note 2)		
	Common stock	Capital surplus	Retained earnings
Balance at March 31, 2002 .....	\$259,451	\$240,853	\$ 328,755
Net income (loss) for the year .....			(44,695)
Redemption of treasury stock .....		(1,962)	—
Cash dividends .....			(4,459)
Bonuses to directors and statutory auditors .....			(170)
Balance at March 31, 2003 .....	\$259,451	\$238,890	\$ 279,429

The accompanying notes are an integral part of these financial statements.

## Consolidated Statements of Cash Flows

Year ended March 31, 2003

Millions of yen

Thousands  
of U.S. dollars  
(Note 2)

	2003	2002	2003
<b>Cash Flows from Operating Activities:</b>			
Net income (loss) before income taxes .....	¥ (8,050)	¥ (8,890)	\$ (66,972)
Depreciation and amortization .....	3,752	4,420	31,222
Gain (loss) on investment on the equity method .....	566	—	4,709
(Increase) decrease in trade receivable .....	(831)	8,524	(6,914)
Increase (decrease) in accounts payable .....	(3,356)	(1,645)	(27,926)
(Increase) decrease in inventories .....	8,502	892	70,737
Interest and dividend receivable .....	(439)	(344)	(3,652)
Interest payable .....	520	656	4,333
Gain (loss) on sales of investment securities .....	(50)	(577)	(416)
Loss from security valuation .....	2,076	2,840	17,273
Gain (loss) on sales of tangible fixed assets .....	(882)	(1,517)	(7,341)
Additions for early retirement allowance .....	3,360	1,458	27,959
Increase (decrease) in allowance for doubtful accounts .....	1,989	—	16,554
Increase (decrease) in accrued retirement benefits for employees .....	(1,864)	—	(15,514)
(Increase) decrease in other assets .....	(188)	825	(1,565)
Increase (decrease) in other liabilities .....	(996)	(1,845)	(8,287)
<b>Sub-total .....</b>	<b>4,110</b>	<b>4,798</b>	<b>34,197</b>
Interests and dividend received .....	619	310	5,152
Interests paid .....	(533)	(627)	(4,436)
Special additional payment to early retirement .....	(3,360)	(1,458)	(27,959)
Payment of income taxes .....	(191)	(1,191)	(1,592)
<b>Net cash (used in) provided by operating activities .....</b>	<b>644</b>	<b>1,832</b>	<b>5,361</b>
<b>Cash Flows from Investing Activities:</b>			
Increase (decrease) in refund of time deposits .....	(599)	1,936	(4,990)
Payments for purchase of investment securities .....	(7,118)	(2,081)	(59,226)
Proceeds from sales of investment securities .....	2,578	1,518	21,452
Payments for acquisitions of property, plant, equipment and intangible assets .....	(2,288)	(3,362)	(19,039)
Proceeds from sales of property, plant, equipment and intangible assets .....	1,205	3,233	10,028
Expenditure on loans .....	(8,135)	(233)	(67,679)
Proceeds from collection of loans .....	2,850	131	23,711
(Increase) decrease in accounts receivable for equipment .....	1,291	(2,314)	10,745
Increase in other fixed assets .....	(495)	(1,227)	(4,125)
Decrease in other fixed assets .....	304	319	2,530
<b>Net cash (used in) provided by investing activities .....</b>	<b>(10,408)</b>	<b>(2,080)</b>	<b>(86,592)</b>
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term bank loans .....	9,210	22	76,622
Issuance of long-term debt .....	3,000	—	24,958
Repayments of long-term debt .....	(608)	(619)	(5,058)
Dividends paid .....	(536)	(821)	(4,464)
Redemption of treasury stock .....	(769)	(614)	(6,399)
Expenditure on redemption of straight bond .....	(3,500)	—	(29,118)
Expenditure on redemption by purchase of straight bond .....	(101)	—	(846)
Payments for the redemption of convertible bonds .....	(301)	(1,658)	(2,504)
<b>Net cash (used in) provided by financing activities .....</b>	<b>6,393</b>	<b>3,691</b>	<b>53,188</b>
<b>Effect of Exchange Rate Changes on</b>			
<b>Cash and Cash Equivalents .....</b>	<b>1</b>	<b>1</b>	<b>12</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents .....</b>	<b>(3,369)</b>	<b>(3,937)</b>	<b>(28,030)</b>
<b>Cash and Cash Equivalents at Beginning of Year .....</b>	<b>21,926</b>	<b>25,857</b>	<b>182,416</b>
<b>Increase of cash and cash equivalents through new consolidation .....</b>	<b>—</b>	<b>6</b>	<b>—</b>
<b>Cash and Cash Equivalents at End of Year .....</b>	<b>¥18,557</b>	<b>¥21,926</b>	<b>\$154,386</b>

Note: Relation between the year-end balance of cash and cash equivalents and the items on the consolidated balance sheet:

Cash and deposits .....	¥ 17,439	¥ 20,709	\$ 145,090
Time deposits due over three months .....	(1,040)	(440)	(8,657)
Securities accounts .....	2,157	1,657	17,952
<b>Cash and cash equivalents .....</b>	<b>¥ 18,557</b>	<b>¥ 21,926</b>	<b>\$ 154,386</b>

# Notes to Financial Statements

## Note 1. Significant Accounting Policies

### Basis of Presenting Consolidated Financial Statements

Kurimoto, Ltd. (hereinafter referred to as "This Company") and its consolidated subsidiaries have presented their official accounting records in the currency of yen and in accordance with the Commercial Code and the regulations of Securities & Exchange Law, and in conformity with the generally accepted accounting principles & practices of Japan (hereinafter called "Japan Accounting Standard").

Some part of the Japan Accounting Standard, in its method of application and disclosure requirements, is different from the International Accounting Standard and some other countries' accounting standards. Accordingly, the consolidated financial statements attached hereto are prepared for readers who are well acquainted with the Japan Accounting Standard.

The consolidated financial statements attached hereto have been prepared in accordance with the Japan Accounting Standard pursuant to the Securities & Exchange Law. Such consolidated financial statements of This Company as were submitted to our district's Local Finance Bureau of the Ministry of Finance have been re-edited and translated into English.

### Consolidation Policies

These consolidated financial statements include the accounting records of This Company and the companies over which This Company either holds majority voting power or for which certain other conditions verify This Company's control over them. The investment account of This Company in non-consolidated subsidiaries or affiliates which are largely influenced by This Company in their operational and financial policies have been computed on the basis of equity-method investment balance.

The important credit & liability, trade, and unrealized profit between and among consolidated companies have been obliterated on a consolidation basis.

### Translation of Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies have been translated into Japanese yen at the rate as of the date of each balance sheet presentation, and their resulting conversion profit or loss has been appropriated as their profit or loss in the current business term.

### A Range of Fund in a Statement of Consolidated Cash Flow

A fund in a statement of consolidated cash flow (cash and its equivalent) consists of cash in hand, ordinary deposits, and short-term investments which have a term of redemption under three months, carry low risk for value fluctuation and can be withdrawn easily.

### Marketable and Investment Securities

This Company & its consolidated subsidiaries have specified the purposes of their respective securities holdings, and classified those securities into securities for buying & selling, stocks of their affiliates, and other securities.

Securities for buying & selling have been evaluated at market value.

The stocks of their affiliates have been evaluated at book value.

Those other securities that have market value have been evaluated at market value, and the unrealized profit or loss has been reported as an independent item in Part of Capital after taxation.

Those other securities that do not have market value have been evaluated at book value.

For the cases in which the value of those other securities with market value fell sharply, the relevant securities have been placed in the balance sheet according to their market value, and the difference between the book value and the market value has been recognized as a loss for the business term. For the cases in which the virtual value of those other securities without market value fell markedly, the relevant securities have been depreciated down to the virtual value, and the corresponding difference has been recognized as a loss.

Profit or loss in selling securities has been calculated based upon the selling price by the moving average method, and included in profit or loss.

### Inventories

Inventories are principally stated at the cost determined by the average method or the specific cost method.

### Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed at rates based on the estimated useful lives of assets using the declining-balance method except for buildings and intangible fixed asset for which the straight-line method is applied.

The principal estimated useful lives are as follows:

Buildings and structures 2 to 60 years

Machinery and equipment 2 to 17 years

Costs of maintenance, repairs and minor renewals are charged to expenses in the year incurred, although major renewals and improvements are capitalized.

### Retirement Benefits

In order to prepare for the employees' retirement benefits, This Company & its consolidated subsidiaries have reserved retirement pay allowances as of the end of March 2003, based upon prospective retirement pay obligations and annuity assets at the term end of the consolidated accounting.

The difference resulting from alteration of the accounting standard, ¥4,159 million (\$34,616 thousand), has been disposed of as expenses by three-year division.

The difference in numerical computation has been dealt with as expenses by the amount divided by a straight line method for certain years (mainly ten years) within the employees' average remaining work years upon its accrual in each consolidated accounting year, with each handled from the consolidated accounting term next to the accrual.

#### Leases

In Japan finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operation leases.

#### Research and Development and Computer Software

Research & development expenses have been dealt with as expenses upon their accrual.

Software expenses have been included mainly in long-term prepaid expenses and other expenses, and depreciated by a straight line method chiefly for five-year service life.

#### Income Taxes

As to the temporary difference in the book value of assets and liabilities for the purpose of financial accounting and taxation, the net worth method has been used to figure deferred tax assets and liabilities.

#### Per Share Information

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each period. The average number of shares used in the computation was 132,725 thousand and 136,149 thousand for the years ended March 31, 2003 and 2002, respectively.

#### Standard of Appropriate Income and Expenditures

Recognized gain of construction contracts is according to Construction Completed-Contract Method but adopting Percentage of Construction Method if the construction work will take longer than two years and the contract amount exceeds ¥1 billion.

#### Marketable and Investments Securities

Other marketable securities as of March 31, 2003 are as follows.

	Millions of yen		
	2003		
	Carrying amounts	Market value	Unrealized gain (loss)
Other securities .....	¥ 9,619	¥ 9,581	¥ (37)

	Thousands of U.S. dollars		
	2003		
	Carrying amounts	Market value	Unrealized gain (loss)
Other securities .....	\$ 80,029	\$ 79,714	\$ (315)

### Note 2. U.S. Dollar Amounts

The dollar amounts are included solely for convenience: they should not be construed as exact translations of current yen figures, nor are they the dollar amounts into which yen amounts have been or could be converted.

The approximate exchange rate of US\$1=¥120.20 as of March 31, 2003, has been used for the purpose of presenting the dollar amounts in the accompanying consolidated financial statements.

### Note 3. Inventories

Inventories at March 31 were comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Finished products .....	¥ 8,638	¥ 9,923	\$ 71,865
Work in process .....	10,398	17,397	86,507
Raw materials and supplies .....	1,432	1,650	11,917
	¥20,468	¥28,971	\$170,290

### Note 4. Short-term Bank Loans and Long-term Debt

The annual average interest rates applicable to short-term bank loans at March 31, 2003 and 2002 are 0.55% and 1.38%, respectively.

Short-term bank loans and long-term debt at March 31 was comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Unsecured bonds, due 2002, with interest rates of 1.52% .....	—	¥ 3,500	—
Unsecured bonds, due 2003, with interest rates of 1.78% .....	6,400	6,500	53,244
Convertible bonds, due 2002, with interest rates of 2.30% .....	—	301	—
Convertible bonds, due 2005, with interest rates of 1.90% .....	5,148	5,148	42,828
Warrant-bearing bonds due 2003, with interest rates of 1.40% .....	2,734	2,734	22,746
Loans from financial institutions, due 2003 to 2027, with interest rates between 0.60% and 6.00% .....	5,065	2,673	42,145
Sub-total .....	19,348	20,857	160,965
Less portion due within one year ..	(10,155)	(4,261)	(84,485)
	¥9,192	¥16,595	\$76,479



The aggregate annual maturities of long-term financial debt at March 31, 2003 and 2002 respectively are as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
2003 .....	¥ —	¥ 4,261	\$ —
2004 .....	10,155	9,656	84,485
2005 .....	6,041	5,503	50,265
2006 .....	873	334	7,266
2007 .....	783	1,101	6,516
2008 and thereafter .....	1,494	—	12,430
	¥19,348	¥20,857	\$160,965

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due, or in the event of their default, to offset cash deposits against such obligations due to the bank.

As of March 31, 2003, assets pledged as collateral for short-term bank loans, and long-term debt, including the current portion of long-term debt, were as follows:

	Millions of yen	Thousands of U.S. dollars
	2003	2003
Land .....	¥ 770	\$ 6,409
Buildings and structures .....	971	8,078
	¥1,741	\$14,487

## Note 5. Retirement Benefits

The following tables sets forth the changes in benefit obligation, plan assets and funded status of the Company and its subsidiaries at March 31, 2003.

	Millions of yen	Thousands of U.S. dollars
	2003	2003
Benefit obligation .....	¥ (13,441)	\$ (111,826)
Pension liability .....	910	7,572
Unaccrued retirement		
benefit obligation .....	(12,531)	(104,253)
Unrecognized actuarial loss .....	6,203	51,608
Accrued retirement benefit .....	¥ (6,327)	\$ (52,645)

Besides the above, the balance sheet lists Retirement Benefits including ¥299 million (US\$2,490 thousand) in Directors' Retirement and Bonus Reserves.

Severance and pension costs of the Company and its subsidiaries included the following components for the year ended March 31, 2003.

	Millions of yen	Thousands of U.S. dollars
	2003	2003
Service cost .....	¥ 751	\$ 6,252
Interest cost .....	533	4,436
Expected return on plan assets .....	(38)	(319)
Amortization:		
Transition obligation		
at date of adoption .....	1,387	11,543
Actuarial losses .....	544	4,533
Benefit cost .....	¥ 3,178	\$ 26,446

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2003 is as follows:

Method of attributing benefit	
to periods of service .....	Straight-line basis
Discount rate .....	3.0%
Rate of expected return on plan assets .....	3.0%
Amortization period for prior service cost .....	—
Amortization period for actuarial losses .....	10 years
Amortization period for	
transition obligation at date of adoption .....	3 years

## Note 6. Contingent liabilities

At March 31, 2003 and 2002, the company was contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
As guarantor of indebtedness of unconsolidated subsidiaries and others .....	¥3,451	¥1,987	\$28,715

## Note 7. Leases

The Group leases certain, machinery and equipment, and other assets. Total lease payments under these leases were ¥100 million (\$838 thousand) and ¥169 million for the years ended March 31, 2003 and 2002, respectively.

Pro forma information on leased property, such as acquisition costs, accumulated depreciation, and future minimum leases payments under finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis, for the years ended March 31, 2003 and 2002, was as follows:

	Millions of yen		
	2003		
	Machinery and equipment	Others	Total
Acquisition costs .....	¥479	¥ 22	¥502
Accumulated depreciation .....	248	4	253
Net leased property .....	¥230	¥ 18	¥248

	Millions of yen		
	2002		
	Machinery and equipment	Others	Total
Acquisition costs .....	¥472	¥ 9	¥482
Accumulated depreciation .....	221	1	222
Net leased property .....	¥251	¥ 7	¥259

	Thousands of U.S. dollars		
	2003		
	Machinery and equipment	Others	Total
Acquisition costs .....	\$3,987	\$189	\$4,177
Accumulated depreciation .....	2,071	35	2,106
Net leased property .....	\$1,916	\$153	\$2,070



Future minimum lease payments under finance leases as of March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Due within one year .....	¥ 94	¥ 95	\$ 790
Due after one year .....	153	163	1,280
Total .....	¥248	¥259	\$2,070

The amounts of acquisition costs and future minimum lease payments under finance leases include the imputed interest expense portion.

Depreciation expenses which are not reflected in the accompanying consolidated statement of income, computed by the straight-line method, were ¥100 million (\$838 thousand) for the year ended March 31, 2003.

## Note 8. Derivatives and Hedging Activities

This Company Group has a policy of not using derivative trade for the purpose of speculation or any short-term capital gain. We had no derivative trade at the end of this business year, and we only had some consolidated subsidiaries doing exchange reservation trades. These exchange reservation trades were limited mainly to the function of avoiding exchange fluctuation risks, which were assumably small. We limited the other parties of these trades to financial institutions of high credibility, and assumed that the default risk on the side of those trading partners was very small.

The exchange reservation trade in This Company is implemented and controlled by the Department of Accounting through the process of internal round robin approval. The exchange reservation trade in the consolidated subsidiaries is implemented and controlled by their Departments of General Affairs through the process of internal round robin approval and after notification to This Company.

## Note 9. Shareholders' Equity

Total shares diminished by 1.0 million shares and capital surplus diminished ¥235 million (US\$1,962 thousand) resulting from implementation of extinguishment of treasury stock using capital reserves.

## Note 10. Research and Development Expenses

Research and development expenditures charged to income were ¥1,666 million (\$13,862 thousand) for the year ended March 31, 2003.

## Note 11. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 41.0% and 42.0% for the year ended March 31, 2003 and 2002, respectively.

The effective rates of income taxes reflected in the consolidated statements of income differed from the statutory tax rates referred to above for the year ended March 31, 2003 due principally to expenses not deductible for income tax purposes, and temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements.

The difference between the burden rate of corporate tax after application of tax effect accounting and the statutory tax rate is not listed as it was recorded as a net loss for the period under review before adjustments for taxes, etc.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets as of March 31, 2003 and 2002 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	2003
Deferred tax assets			
Accrued retirement benefit .....	¥ 3,940	¥ 4,717	\$ 32,783
Accrued bonus indemnities .....	449	520	3,737
Allowance for uncollectable receivables ..	529	—	4,402
Accrued directors' retirement benefit ..	123	182	1,030
Operating loss carry-forwards .....	6,726	3,075	55,963
Elimination of inter-company profits ..	826	1,014	6,874
Other .....	674	567	5,607
Total gross deferred tax assets .....	13,270	10,077	110,401
Less valuation allowance .....	(354)	(383)	(2,946)
Net deferred tax assets .....	12,916	9,693	107,454
Deferred tax liability			
Reserve for advanced depreciation of propertys .....	(1,834)	(1,832)	(15,264)
Dividends receivable .....	(253)	(179)	(2,112)
Other .....	(12)	(14)	(105)
Total deferred tax liabilities .....	(2,101)	(2,026)	(17,482)
Net deferred tax assets .....	¥ 10,814	¥ 7,667	\$ 89,972

## Note 12. Segment Information

Information about operations in different industry segments, geographic segments and sales to foreign customers of the Group for the years ended March 31, 2003 and 2002, is as follows:

### (1) Industry Segments

#### a. Sales and Operating Income

Millions of yen					
2003					
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Sales to customers .....	¥ 46,278	66,210	10,639	—	¥ 123,128
Intersegment .....	¥ 123	431	370	(924)	
Total sales .....	¥ 46,401	66,641	11,009	(924)	¥ 123,128
Operating expenses .....	¥ 46,455	64,496	10,348	(399)	¥ 120,900
Operating income (loss) .....	¥ (54)	2,144	661	(524)	¥ 2,227

Millions of yen					
2002					
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Sales to customers .....	¥ 54,943	55,398	9,453	—	¥ 119,795
Intersegment .....	¥ 1,956	632	402	(2,991)	
Total sales .....	¥ 56,899	56,031	9,856	(2,991)	¥ 119,795
Operating expenses .....	¥ 56,884	56,649	10,551	(2,991)	¥ 121,094
Operating income (loss) .....	¥ 14	(618)	(694)	—	¥ (1,298)

Thousands of U.S. dollars					
2003					
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Sales to customers .....	\$385,008	550,834	88,517	—	\$1,024,361
Intersegment .....	\$ 1,026	3,587	3,079	(7,692)	
Total sales .....	\$386,035	554,421	91,596	(7,692)	\$1,024,361
Operating expenses .....	\$386,485	536,577	86,091	(3,326)	\$1,005,828
Operating income (loss) .....	\$ (450)	17,844	5,505	(4,366)	\$ 18,532

#### b. Assets, depreciation and Capital Expenditures

Millions of yen					
2003					
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Assets .....	¥ 58,099	49,590	22,943	50,641	¥ 181,275
Depreciation .....	¥ 1,987	1,312	299	153	¥ 3,752
Capital expenditure .....	¥ 620	878	241	40	¥ 1,781

Millions of yen					
2002					
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Assets .....	¥ 71,842	60,468	9,088	49,417	¥ 190,817
Depreciation .....	¥ 2,457	1,379	377	205	¥ 4,419
Capital expenditure .....	¥ 1,501	2,389	249	117	¥ 4,258

Thousands of U.S. dollars					
2003					
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Assets .....	\$483,360	412,566	190,879	421,306	\$1,508,112
Depreciation .....	\$ 16,531	10,918	2,493	1,275	\$ 31,219
Capital expenditure .....	\$ 5,162	7,311	2,008	338	\$ 14,821

Notes: Industry A consists of steel products, cast iron products, and other related products.  
Ductile iron pipes, shaped pipes, accessories, adjustment valves, special cast iron and cast steel, water system construction, surveying, design, and construction of public works projects  
Industry B consists of steel structures, machine products, and related products.  
Bridges, sluice gates, water pipe bridges, industrial machines and plants, industrial waste processing facilities, presses, ducts  
Industry C consists of other products.  
FRC products, polycon FRP pipes, synthetic resin molds  
Corporate assets consist primarily of cash and cash equivalents, investment in and advances to affiliates, investments in securities and the corporate headquarters assets.

### (2) Geographic Segments

Geographic segment information has been omitted, as the percentage of "national" exceeded 90% in both sales and assets in all segments.

### (3) Sales to Foreign Customers

Foreign sales have been omitted, as they did not reach 10% of consolidated sales.

## Note 13. Subsequent Events

Cash dividends of the Company's retained earnings for the year ended March 31, 2003 were proposed by the Board of Directors and approved by the shareholders at the annual general meeting held on June 27, 2003, as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥2.0 per share)	¥261	\$2,178

# Report of Independent Auditors

## Report of Independent Auditors

**Naniwa Company**  
2-10, Awaza 1-chome, Nishi-ku,  
Osaka, Japan

### To the Board of Directors of Kurimoto, Ltd.

We have audited the accompanying consolidated balance sheets of Kurimoto, Ltd. and consolidated subsidiaries, as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kurimoto, Ltd. and consolidated subsidiaries as of March 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan.

Osaka, Japan  
June 27, 2003

*Naniwa Company*

# Corporate Information

## Kurimoto, Ltd.

### Outline

Founded	1909
Incorporated	1934
Common stock	¥31,186 million*
Total assets	¥157,764 million*
Employees	1,793

\*as of March 31, 2003

### Board of Directors (as of June 27, 2003)

Chairman	Yoshiaki Sakamoto
Vice-Chairman	Shiro Mino
President	Seizo Yokouchi
Vice-President	Minoru Koshida
Managing Director	Takehiro Ueshima
Director and Officer	Harutake Ishise
Director	Toshitsugu Emura Meiji Iwatani Kyosuke Sono
Corporate Auditor	Fujiyoshi Mori Yoshiharu Kawazoe Hiromichi Ichida Yoshitoshi Kato
Managing Operating Officer	Yasuo Kawabata Nobuo Kanamori Hirotsugu Kuramoto
Officer	Haruo Ozaki Hideaki Fukui Kazuhiko Saito Mitsuo Amagaya

### Stock (as of March 31, 2003)

Common Stock	
Number of authorized shares .....	393,766,000
Number of issued shares .....	133,984,908
Number of shareholders .....	9,387

### Principal Shareholders (as of March 31, 2003)

	Number of shares held (in thousands)	Percentage of voting rights
The Taiyo Mutual Life Insurance Co.	12,090	9.3
Nippon Life Insurance Company	8,565	6.6
Mizuho Trust & Banking Co., Ltd.	6,101	4.7
The Master Trust Bank of Japan, Ltd.	5,822	4.5
Sumitomo Mitsui Banking Corporation	5,627	4.3
Resona Bank, Limited.	5,377	4.1

### Offices

#### Head Office

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
Telephone: (06) 6538-7724 Fax: (06) 6538-7756

#### Tokyo Office

1-9, Shimbashi 4-chome, Minato-ku, Tokyo 105-0004, Japan  
Telephone: (03) 3436-8001 Fax: (03) 3436-8024

#### Hokkaido Office

2, Nishi 4-chome, Kitanijo, Chuo-ku, Sapporo 060-0002, Japan  
Telephone: (011) 281-3301 Fax: (011) 271-7860

#### Tohoku Office

12-30, 1-chome Honcho, Aoba-ku, Sendai 980-0014, Japan  
Telephone: (022) 227-1872 Fax: (022) 227-8417

#### Kitakantou Office

7-5, 1-chome Sakuragi-cho, Omiya-ku, Saitama 331-0852, Japan  
Telephone: (048)657-3800 Fax: (048)657-3806

#### Nagoya Office

27-2, Meiekinami, 1-chome, Nakamura-ku, Nagoya 450-0003, Japan  
Telephone: (052) 551-6930 Fax: (052) 551-6940

#### Chugoku Office

16-11, Hachobori, Naka-ku, Hiroshima 730-0013, Japan  
Telephone: (082) 227-5605 Fax: (082) 227-5056

#### Kyushu Office

3-11, Hakataeki-minami 1-chome, Hakata-ku, Fukuoka 812-0016, Japan  
Telephone: (092) 451-6622 Fax: (092) 471-7696

#### Manila Office

11th floor, 6788 Ayala Avenue, Oledan Square, Makati City, Philippines  
Telephone: Manila (2) 886-7188 Fax: Manila (2) 886-7189

#### Shanghai Office

No.8 Xing Yi Rd, Shanghai 200336, China Maxdo Centre Room No.908  
Telephone: +86-21-5208-0511 Fax: +86-21-5208-0520

### Banking References

#### Head Office

Mizuho Corporate Bank, Ltd. (Osaka Branch)  
Resona Bank, Limited. (Semba Branch)  
Sumitomo Mitsui Banking Corporation (Midosuji Branch)  
The Bank of Tokyo-Mitsubishi, Ltd. (Osaka Branch)

#### Tokyo Office

Mizuho Corporate Bank, Ltd. (Utisaiwai-cho Branch)  
The Bank of Tokyo-Mitsubishi, Ltd. (Shimbashi Branch)  
Resona Bank, Limited. (Shimbashi Branch)  
Sumitomo Mitsui Banking Corporation (Hibiya Branch)

# Kurimoto Group

(as of June 27, 2003)

## Kurimoto Trading Co., Ltd.

152, 4-chome, Midori-machi, Sakai, Osaka 590-0907, Japan  
*Capital:* ¥200 million *Director:* Yosuke Matsumoto  
*Operations:* Marketing of ductile iron pipes, valves, and synthetic resin products

## Kurimoto Plastics Co., Ltd.

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
*Capital:* ¥300 million *Director:* Etsuo Araki  
*Operations:* Production and marketing of FRP pipes, synthetic resin products, and fiber-reinforced cement products

## Kurimoto Construction & Engineering, Ltd.

11-8, Kitakagaya 2-chome, Suminoe-ku, Osaka 559-0011, Japan  
*Capital:* ¥100 million *Director:* Tateki Oyoshi  
*Operations:* Construction and engineering of steel structures

## Kurimoto Construction Material, Ltd.

10-6, Okazato, Sowa-cho, Sashima-gun, Ibaraki 306-0206, Japan  
*Capital:* ¥100 million *Director:* Atsushi Hirata  
*Operations:* Production of construction materials

## Kurimoto Maintenance & Service, Ltd.

11-1, Minamihorie 1-chome, Nishi-ku, Osaka 550-0015, Japan  
*Capital:* ¥100 million *Director:* Tsutomu Taki  
*Operations:* Maintenance of various plants

## Kurimoto Valve Engineering, Ltd.

12-19 Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
*Capital:* ¥50 million *Director:* Katsumi Horii  
*Operations:* Installation works and maintenance of valves

## Kurimoto Trading Corporation

15-1, Ishizunishi-machi, Sakai, Osaka 592-8332, Japan  
*Capital:* ¥50 million *Director:* Kenji Machida  
*Operations:* Manufacture and sales of cast iron pipes, pipe fittings and pipe accessories

## Pipe Systems & Technology, Ltd.

1-64, Izumi 2-chome, Suminoe-ku, Osaka 559-0023, Japan  
*Capital:* ¥100 million *Director:* Masayoshi Kitagawa  
*Operations:* Investigation, planning, design, engineering, maintenance and operating of pipelines and facilities, research & developments, sales and leases of piping materials and implements

## Kurimoto Logistics Co., Ltd.

15-1, Ishizunishi-machi, Sakai, Osaka 592-8332, Japan  
*Capital:* ¥100 million *Director:* Masao Tomo  
*Operations:* Truck carrier

## Kurimoto Concrete Industries, Ltd.

961, Toendo, Echigawa-cho, Echi-gun, Shiga 529-1383, Japan  
*Capital:* ¥200 million *Director:* Hideyuki Tomi  
*Operations:* Production of concrete pipes

## Kurimoto Enviro Co., Ltd.

3, 10-banchi, Okazato, Sowa-cho, Sashima-gun, Ibaraki 306-0206, Japan  
*Capital:* ¥200 million *Director:* Junichi Kayano  
*Operations:* Disposing of useless articles

## Kurimoto Real Estate Co., Ltd.

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
*Capital:* ¥100 million *Director:* Yoshio Suzuki  
*Operations:* Control and lease of real estate, life and casualty insurance

## Kurimoto Jinzai Center, Ltd.

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
*Capital:* ¥30 million *Director:* Kunihiro Fukuhara  
*Operations:* Temporary help business, educational training and consulting business, providing service support

## K-TEC Co., Ltd.

760-5, Sesenaki, Numaguchi, Wakamiya-cho, Kurate-gun, Fukuoka 822-0152, Japan  
*Capital:* ¥20 million *Director:* Yasuhiro Sugita  
*Operations:* Marketing and installation works and maintenance of construction materials

## AGR Japan Co., Ltd.

3-3, Kitahorie 1-chome, Nishi-ku, Osaka 550-0014, Japan  
*Capital:* ¥170 million *Director:* Chisato Douno  
*Operations:* Solid waste management business

## Sasebo Metal, Ltd.

50-19, Siratake-cho, Sasebo, Nagasaki 857-1164, Japan  
*Capital:* ¥100 million *Director:* Shiro Tachibana  
*Operations:* Manufacture and sales of castings

## Sanko Kiko Co., Ltd.

1-5-2, Kitahorie, Nishi-ku, Osaka 550-0014, Japan  
*Capital:* ¥91,451 thousand *Director:* Shigeo Ishihara  
*Operations:* Marketing of plumbing materials and castings, construction materials

## FEC, Ltd.

12-15, Shimbashi 2-chome, Minato-ku, Tokyo 105-0004, Japan  
*Capital:* ¥30 million *Director:* Hiroyuki Nasu  
*Operations:* Marketing valves and water treatment equipment

## Kurimoto Sowa Co., Ltd.

3, 10-banchi, Okazato, Sowa-cho, Sashima-gun, Ibaraki 306-0206, Japan  
*Capital:* ¥100 million *Director:* Junichi Kayano  
*Operations:* Gather and disposing of useless articles

## Riko, Ltd.

1-3, Ming Chuan RD., Ming-sheng Li, Tansui Taipei Hsien, Taiwan R.O.C  
*Capital:* NT\$ 90 million *Director:* Yasuo Kawabata  
*Operations:* Production of valves

## Kurimoto Mec, Ltd.

11-8, Kitakagaya 2-chome, Suminoe-ku, Osaka 559-0011, Japan  
*Capital:* ¥90 million *Director:* Enji Hatanaka  
*Operations:* Marketing of wear resistant castings, crushers

## Kurimoto Information Systems, Ltd.

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
*Capital:* ¥50 million *Director:* Meiji Iwatani  
*Operations:* System consulting

## Satoukizai Co., Ltd.

3-2-15, Kamata, Setagayaku, Tokyo 157-0077, Japan  
*Capital:* ¥87,413 thousand *Director:* Takehiro Otsuka  
*Operations:* Marketing of plumbing materials and castings, construction materials

## Kurimoto Hosono Corporation

1-24, Iizuka 2-chome, Kawaguchi, Saitama 332-0023, Japan  
*Capital:* ¥30 million *Director:* Toshiaki Shinpaku  
*Operations:* Sales of cast iron and other types of piping

## Ta Chang Tsuo Machinery Industrial Co., Ltd.

8F-2, No. 241, Wen-Hsin Rd., Sec. 3, Taichung, Taiwan R.O.C.  
*Capital:* NT\$200.5 million *Director:* Yu-Man Chien  
*Operations:* Design, production, and installation of structural and other types of steelworks

## Kurimoto Finance Co., Ltd.

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
*Capital:* ¥10 million *Director:* Hidetsugu Morishita  
*Operations:* Consulting about financial strategy planning, fund procurement, and its management.

## Kurimoto Soil Bank, Ltd.

12-19, Kitahorie 1-chome, Nishi-ku, Osaka 550-8580, Japan  
*Capital:* ¥50 million *Director:* Akihiko Kanda  
*Operations:* · Survey, analysis and control of soil contamination  
 · Treatment and landfilling of contaminated soil

## Plants Ecocycle Co., Ltd.

1-9, Shimbashi 4-chome, Minato-ku, Tokyo 105-0004, Japan  
*Capital:* ¥50 million *Director:* Toshiaki Kawashima  
*Operations:* · Manufacture and sales of waste processing units  
 · Sales of treated waste for use as fertilizer and fuel