

# 05

All for the future of our planet

## ANNUAL REPORT

Year ended March 31, 2005

# 20

## **X KURIMOTO, LTD.**

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## **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 29 subsidiary companies, make up the Kurimoto group employing about 3,200 people. Today, Kurimoto plays a vital role in supplying basic industrial products, machines, and services domestically and abroad.

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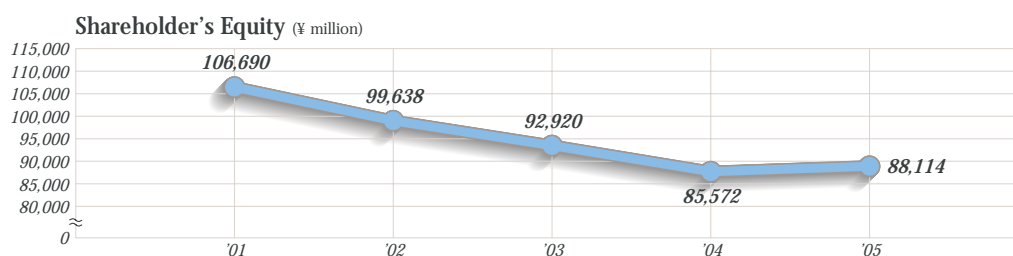
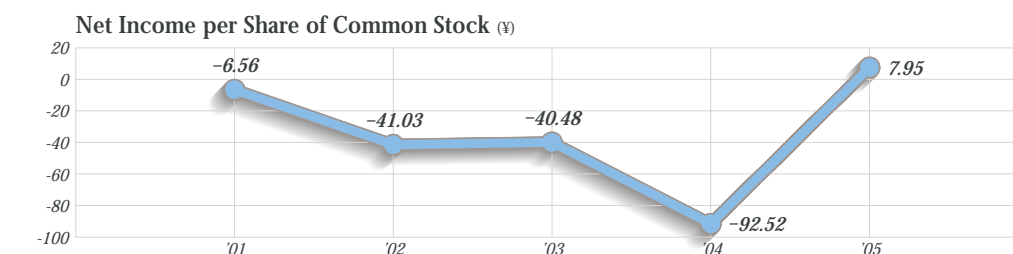
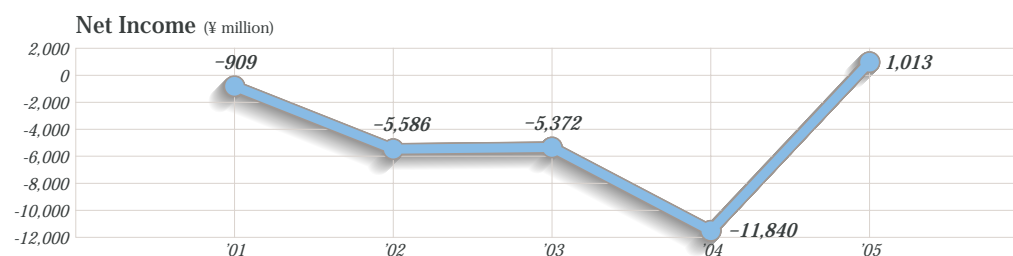
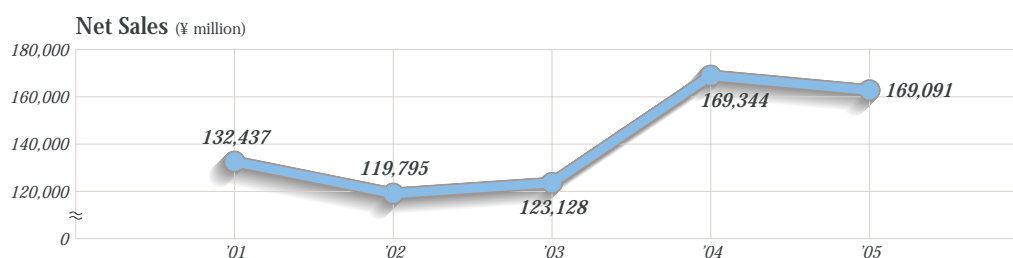
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# Financial Highlights

Millions of yen (thousands of U.S. dollars) except per 1,000 share information

Years ended March 31	2005	2004	2003	2002	2001	2005
Net sales .....	<b>¥ 169,091</b>	¥ 169,344	¥ 123,128	¥ 119,795	¥ 132,437	<b>\$ 1,574,552</b>
Net income (loss) .....	<b>1,013</b>	(11,840)	(5,372)	(5,586)	(909)	<b>9,441</b>
Per 1,000 shares of common stock						
Net income (loss) .....	<b>7,950</b>	(92,519)	(40,478)	(41,030)	(6,560)	<b>74</b>
Cash dividends.....	<b>4,000</b>	4,000	4,000	4,000	8,000	<b>37</b>
Total assets .....	<b>216,638</b>	214,966	181,275	190,817	202,714	<b>2,017,302</b>
Total shareholders' equity .....	<b>88,114</b>	85,572	92,920	99,638	106,690	<b>820,513</b>

Notes: The U.S. dollar amounts are calculated at the exchange rate of ¥107.39 to \$1, the rate prevailing on March 31, 2005.





# President's Message

Japanese economic conditions, influenced by the trend toward suppressed and reduced public spending, steep rises in the prices of raw materials and continued stagnant personal consumption due to sluggish income growth, were difficult in this consolidated accounting fiscal year.

Overall, the economy has become weaker even though there have been some positive signs, including increased private equipment investment and rising stock values.

Facing these conditions, our corporate group promoted a variety of measures to improve business performance. We directed our efforts toward the reform and strengthening of operation systems and the realization of profits.

Concerning sales results, in our iron, steel, and steel casting related businesses, Sasebo Metal, Co., Ltd., Yamatogawa Co., Ltd. and other consolidated affiliates contributed to increased sales. On the other hand, construction, construction related, and other affiliated businesses saw declining sales, resulting in a small overall decline. Our total sales were 169.0 billion yen (1574.0 billion US dollars), a 0.2% decrease from the previous consolidated accounting period.

As for profits, costs increased greatly due to increased prices for scrap, steel and other raw material, but due to sales price adjustments and our efforts as a group to reduce costs, our operating profit was 1.8 billion yen (16.8 million US dollars) and our net income for the period was 1.01 billion yen (9.4 million US dollars).

For end of term profit distributions, we set dividends at 2000 yen (18 US dollars) per 1000 shares, the same as the previous term, for an annual total including midterm dividends of 4000 yen (37 US dollars) per 1000 shares.

With continued contraction of demand for public works and regional government financial restraint, the business environment will continue to be difficult for our group business, which had received much public works business in the past.

In response to the changed business climate, since last year our group has been developing a funda-

mental operations strategy based on a series of investigations in a corporate-wide strategic decisions project. Based on this strategy, we have made numerous efforts to reestablish profitability, including decision-making system and personnel system reforms, finance and capital related measures, internal and external communication policies, sales capability enhancements, and organizational restructuring. With these changes in place, we will begin our medium term business plan in order to realize our Vision NEXT 100 goal of becoming a 200 billion yen group by 2010.

For our Ductile Iron Pipe Division and Steel Structures Division, our mainstay businesses, we will take on the challenge of improving productivity and reforming profitability even as public work orders decline.

In our other five divisions-Environmental, Construction Materials, Plant Engineering and Machinery, Valve, and Construction-we will seek to further expand our sales to the private sector by innovating our technologies and providing solutions to customers.

Furthermore, in addition to developing our existing technologies, this year our Nanotechnology and Materials Laboratory, established in October 2004, will lead our pursuit of nanotechnology research through technological cooperation with Hosokawa Micron Corporation. We will also accelerate the development of new composite materials, the realization of compact mobile equipment that carries fuel cells and the creation of biomass network systems. As a technology creation company, Kurimoto will be reborn as new type of manufacturer. As an "Evolving, Ever-striving Kurimoto," we will endeavor to establish new profit sources.

Among our efforts abroad, our Valve and Environmental Divisions will strengthen their production bases in China, and our Machinery Division will expand its share in the Chinese market while promoting sales of brake discs for rolling stock in the European market. We also plan to establish new bases abroad and further enhance our other existing ones.



Seizo Yokouchi  
President

Finally, I believe that our most important task is to recover the trust we have lost because of an incident related to violations of the Antimonopoly Law. Internally, we will focus our energy on preventing recurrence of such an incident by strictly reevaluating our compliance systems in order to strengthen them and make the more thorough. We will also establish a Corporate Social Responsibility (CSR) promotion system and reinforce internal auditing functions. In parallel with these efforts, we will quickly implement profit reform measures and devote our strength to rebuilding all aspects of trust in our corporation.

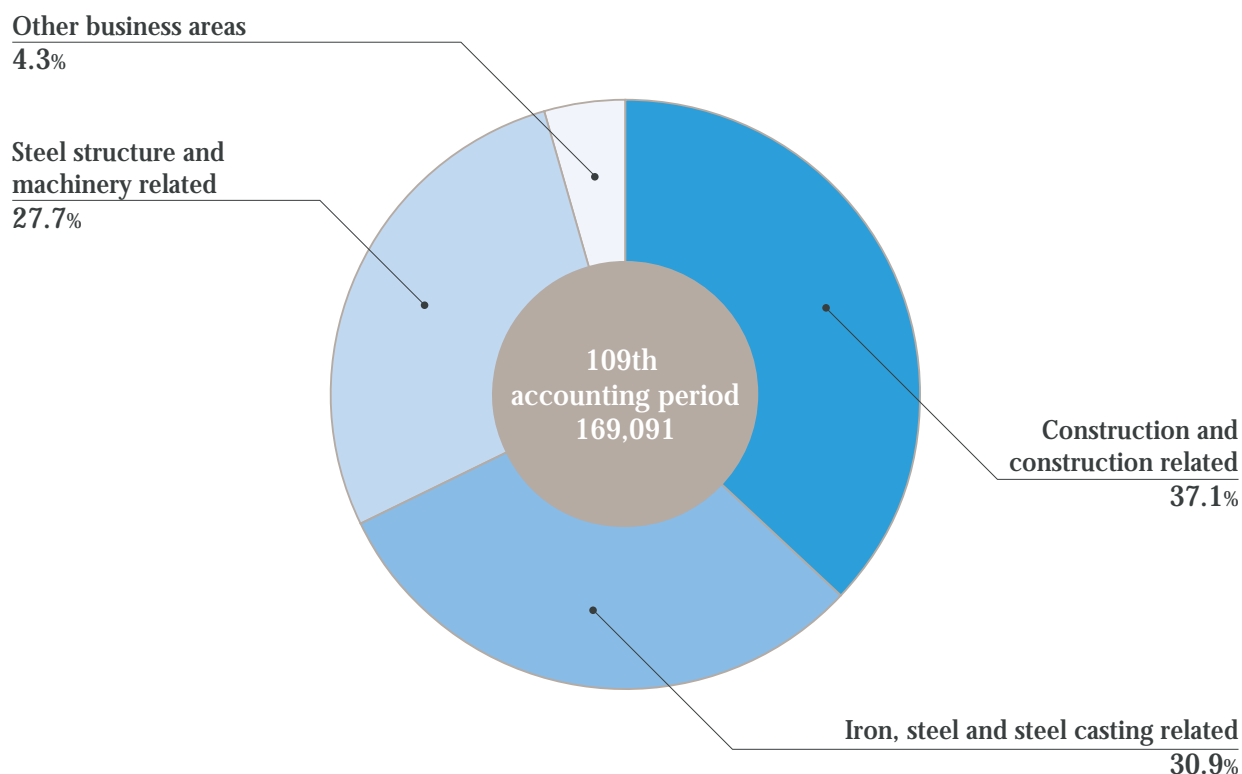
June 2005

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

Seizo Yokouchi  
President

# Business Operations

## Corporate group sales by business area (in millions of yen)



### Iron, steel and steel casting related businesses

Iron, steel and steel casting related businesses face increasingly difficult business conditions with declining public works orders and increasing raw material costs and other expenses. Our Ductile Iron Pipe Division has confronted this situation by working to increase the sales of earthquake resistant ductile pipes and adjusting sales prices. In addition, during this consolidated accounting year, Yamatogawa Co., Ltd. became a consolidated affiliate. Our Valve Division saw signs of recovery in private sector demand, but the domestic market continues to be difficult, so we are promoting the development of demand in foreign markets and procurement abroad as a cost reduction measure. Sasebo Metal, Co., Ltd. joined our cast metal business as a consolidated affiliate.

As a result of these developments, our sales in this business area totaled 52.2 billion yen, an increase of 23.9% over the previous consolidated accounting period.



### In our steel structure and machinery related businesses

In our steel structure and machinery related businesses, orders and sales of forming machinery have grown due to active equipment investments by the auto industry. In addition, we received several orders for large items, including facilities for the processing of construction wastes. On the other hand, reduced budgets for public works have caused the number and value of public sector orders to decline, making the overall business climate tough. In the face of these difficult conditions, this fiscal year we worked to develop new businesses and delivered our first refuse derived fuel (RDF) system that compresses and carbonizes grass trimmings.

As a result, our sales totaled 46.7 billion yen, for 15.2% growth over the previous consolidated accounting period.





## Construction and construction related businesses

Construction and construction related businesses confronted a difficult business environment. Demand declined throughout the construction industry, especially with the reduction of the number of new office buildings and condominiums being built, and construction material costs increased greatly. We made many efforts, including promoting consulting sales, implementing thorough cost reduction measures and increasing the sales of new products, but our sales totaled only 62.7 billion yen, an 18.4% decline from the previous consolidated accounting period.



## In other business areas

In other business areas, suppressed equipment investment by electric power companies caused reduced sales of electrical conduits and falling prices in the sewerage market contributed to making the business environment become difficult. We have focused on reducing costs, and promoting sales of new products and peripheral materials, but our sales have still fallen to 7.2 billion yen, down 24.1% from the previous consolidated accounting period.

We will continue to actively promote various measures and work to increase our orders and improve our sales.



## Topics

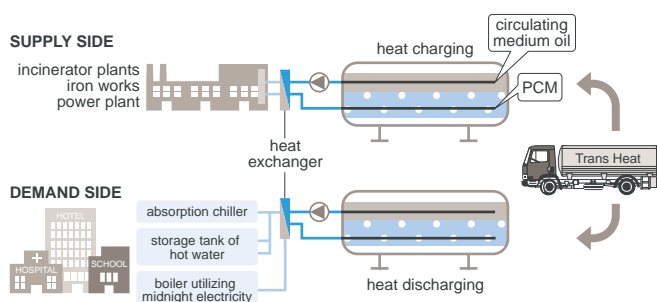
### TransHeat Containers Door-to-door heat delivery to reduce CO<sub>2</sub> emissions

We have adopted the technology of TransHeat Containers, a German latent heat storage system that makes possible great reductions in CO<sub>2</sub> emissions by effectively utilizing the unused energy of low temperature waste heat.

At present the main method for providing electric power and gas has been "online" through the use of power lines and pipes. In contrast, TransHeat Containers are an "offline" method, giving it the merits of allowing great reductions in infrastructure costs and making possible the provision of just the right amounts of energy at the times and places where it is needed.

The low temperature waste heat (200°C) that has been unused and discarded by water treatment sludge incinerators, garbage incinerators, electric power plants, steel mills and other facilities can be efficiently collected and stored in latent heat storage materials. These materials can then be transported by container vehicles to distant office buildings, hospitals, schools and other locations to provide heat energy for air-conditioning and water heating.

The Japanese Ministry of the Environment, which seeks to reduce greenhouse gases by 6%, has adopted this as one "technical development measure to combat global warming." We hope to further increase its advantages and develop the use of this technology as rapidly as possible.



### Noise cancellation products to solve noise pollution problems

Last fall, Marunouchi OAZO opened on the site of the former National Railway headquarters outside the north exit of Tokyo Station and quickly became a new metropolitan landmark.

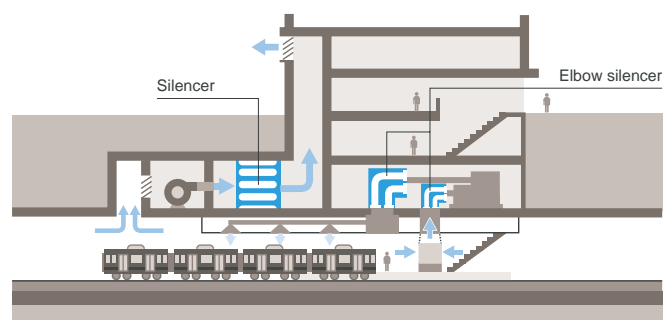
OAZO is a mixed-use commercial, hotel and office facility with underground uses that include a shopping center, a restaurant zone, parking and underground passageways. Eleven concrete induction exhaust shafts provide ventilation for these areas.

We received the order to create a noise suppression system for the exhaust vents, including every stage from the design, manufacture and installation of noise cancellation devices to the measurement of noise pollution.

The Noise Cancellation Engineering Section of our Construction Materials Division is participating in various projects related to noise pollution, including numerous redevelopment projects in the area around Tokyo Station and subway system projects such as the Number 8 line planned for central Osaka.



Exhaust shaft  
(in front of the Kitaguchi Building entrance)



# 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 Construction Industry. Co., Ltd.

Director: Masakatsu Ishikura  
 Operations: Contract for civil engineering works as a whole, and others  
 Capital: ¥1,400 million (US\$13,036,595)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 1946 and became a subsidiary in 2003  
 Orders: ¥48,799 million (US\$454,418 thousand)  
 (36.4% increase)  
 Sales: ¥51,267 million (US\$477,392 thousand)  
 (23.2% decrease)

## Kurimoto Trading Co., Ltd.

Director: Yosuke Matsumoto  
 Operations: Marketing of cast iron pipes, valves, and synthetic resin products  
 Capital: ¥200 million (US\$1,862,370)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: December 1952 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥13,782 million (US\$128,338 thousand)  
 (0.1% decrease)  
 Sales: ¥14,480 million (US\$134,840 thousand)  
 (8.3% increase)

## 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\$2,793,556)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 1971 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥5,266 million (US\$49,045 thousand)  
 (12.4% decrease)  
 Sales: ¥5,105 million (US\$47,541 thousand)  
 (15.5% decrease)

## Kurimoto Construction & Engineering, Ltd.

Director: Yasuo Murayama  
 Operations: Construction and engineering of steel structures  
 Capital: ¥100 million (US\$931,185)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: November 1986 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥2,426 million (US\$22,596 thousand)  
 (22.7% increase)  
 Sales: ¥2,193 million (US\$20,422 thousand)  
 (45.8% increase)

## Kurimoto Maintenance & Service, Ltd.

Director: Akio Kuriyama  
 Operations: Maintenance of various plants  
 Capital: ¥100 million (US\$931,185)  
 Stockholder: 80% of stock is owned by Kurimoto, Ltd. and 20% by Kurimoto Trading Co., Ltd.  
 Established: October 1989 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,867 million (US\$17,385 thousand)  
 (6.7% increase)  
 Sales: ¥1,864 million (US\$17,358 thousand)  
 (1.3% increase)

## Kurimoto Valve Engineering, Ltd.

Director: Katsumi Hori  
 Operations: Installation works and maintenance of valves  
 Capital: ¥50 million (US\$465,592)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: June 1998 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥794 million (US\$7,396 thousand)  
 (36.3% decrease)  
 Sales: ¥1,017 million (US\$9,473 thousand)  
 (17.2% decrease)

## Kurimoto Trading Corporation

Director: Kenji Machida  
 Operations: Manufacture and sales of cast iron pipes, pipe fittings and pipe accessories  
 Capital: ¥50 million (US\$465,592)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 2001 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥12,931 million (US\$120,412 thousand)  
 (19.6% increase)  
 Sales: ¥12,931 million (US\$120,412 thousand)  
 (19.6% increase)

## Pyype 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\$931,185)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 2001 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,998 million (US\$18,610 thousand)  
 (9.4% increase)  
 Sales: ¥1,230 million (US\$11,455 thousand)  
 (7.0% increase)

## Kurimoto Logistics Co., Ltd.

Director: Masao Tomo  
 Operations: Truck carrier  
 Capital: ¥90 million (US\$838,066)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: March 1960 and became a subsidiary in 2001.  
 Orders: ¥2,925 million (US\$27,240 thousand)  
 (4.9% decrease)  
 Sales: ¥2,925 million (US\$27,240 thousand)  
 (4.9% decrease)

## Kurimoto Mec Ltd.

Director: Enji Hatanaka  
 Operations: Marketing of wear resistant castings, crushers  
 Capital: ¥90 million (US\$838,066)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 2002 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥7,614 million (US\$70,902 thousand)  
 (5.4% decrease)  
 Sales: ¥8,277 million (US\$77,082 thousand)  
 (4.2% increase)

## Kurimoto Finance Co., Ltd.

Director: Hidetsugu Morishita  
 Operations: Consulting about financial strategy planning, fund procurement, and its management.  
 Capital: ¥10 million (US\$93,118)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: July 2002 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥15 million (US\$143 thousand)  
 (51.4% decrease)  
 Sales: ¥15 million (US\$143 thousand)  
 (51.4% decrease)

## Sasebo Metal Co., Ltd.

Director: Shiro Tachibana  
 Operations: Manufacture and marketing of cast iron and steel products, as well as all types of cast metal goods.  
 Capital: ¥100 million (US\$931,185)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 2000 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,707 million (US\$15,898 thousand)  
 (2.2% increase)  
 Sales: ¥1,575 million (US\$14,670 thousand)  
 (5.0% decrease)

## Yamatogawa Co., Ltd.

Director: Kazuo Kitamura  
 Operations: Marketing of cast iron pipes, valves, and synthetic resin products.  
 Capital: ¥60 million (US\$558,711)  
 Stockholder: 60% of stock is owned by Kurimoto, Ltd. and 40% by Marubeni-Itochu Steel Inc.  
 Established: December 1972 and became a subsidiary in 2004  
 Orders: ¥12,442 million (US\$115,858 thousand)  
 (11.9% increase)  
 Sales: ¥12,091 million (US\$112,597 thousand)  
 (4.8% increase)



# Financial Section

## Consolidated Balance Sheets

March 31, 2005 and 2004

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
<b>Assets</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
<b>Current assets</b>			
Cash and time deposits .....	¥ 23,814	¥ 25,867	\$ 221,761
Trade notes and accounts receivable .....	53,518	47,291	498,353
Trade notes and accounts receivable — unconsolidated subsidiaries and affiliates .....	2,751	1,977	25,622
Marketable securities .....	418	604	3,898
Inventories (Note 3) .....	34,570	37,851	321,915
Deferred income taxes (Note 10) .....	1,177	396	10,963
Prepaid expenses and other current assets .....	7,690	10,252	71,608
Allowance for doubtful accounts .....	(903)	(809)	(8,413)
Total current assets .....	123,037	123,431	1,145,709
<b>Property, plant and equipment</b>			
Buildings and structures .....	31,649	30,409	294,711
Machinery and equipment .....	63,141	63,463	587,966
Land .....	30,752	29,404	286,361
Construction in progress .....	422	302	3,937
Accumulated depreciation .....	(71,463)	(70,200)	(665,459)
Total property, plant and equipment .....	54,502	53,378	507,517
<b>Investments and other assets</b>			
Investment securities — other .....	28,840	25,615	268,554
Investment securities — unconsolidated subsidiaries and affiliates .....	2,017	2,258	18,791
Long-term loans — other .....	362	651	3,373
Long-term loans — unconsolidated subsidiaries and affiliates .....	100	120	931
Other investments .....	6,223	6,062	57,948
Allowance for doubtful accounts .....	(3,300)	(3,231)	(30,736)
Deferred income taxes (Note 10) .....	4,005	5,642	37,296
Long-term prepaid expenses and other .....	800	965	7,458
Total investments and other assets .....	39,048	38,084	363,617
<b>Deferred assets</b>			
Stock issue expenses .....	31	41	297
Development expenses .....	17	30	160
Total deferred assets .....	49	71	458
<b>Total Assets</b> .....	<b>¥216,638</b>	<b>¥214,966</b>	<b>\$2,017,302</b>



	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
<b>Liabilities and Shareholders' Equity</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
<b>Current liabilities</b>			
Trade notes and accounts payable .....	¥ 52,148	¥ 50,146	\$ 485,603
Trade notes and accounts payable —— unconsolidated subsidiaries and affiliates .....	508	1,689	4,735
Short-term bank loans (Note 4) .....	29,528	17,531	274,967
Current portion of long-term debt .....	4,984	11,951	46,419
Accrued taxes on income .....	425	358	3,964
Accrued liabilities .....	3,870	3,411	36,043
Advances received .....	10,812	13,100	100,682
Employees' savings deposits .....	848	866	7,898
Other current liabilities .....	3,854	3,362	35,892
Total current liabilities .....	106,982	102,420	996,208
<b>Long-term liabilities</b>			
Retirement benefits (Note 5) .....	6,297	8,546	58,642
Long-term debt (Note 4) .....	13,522	18,364	125,923
Other long-term liabilities .....	71	63	664
Total long-term liabilities .....	19,891	26,973	185,229
Total liabilities .....	126,874	129,394	1,181,438
<b>Minority interests in consolidated subsidiaries</b>			
Minority interests in consolidated subsidiaries .....	¥ 1,648	¥ —	\$ 15,351
<b>Shareholders' Equity</b>			
Common stock .....	31,186	31,186	290,400
Authorized: 393,766,000 shares			
Issued: 133,984,908 shares in 2004			
133,984,908 shares in 2005			
Capital surplus .....	28,861	28,743	268,752
Retained earnings .....	22,512	21,989	209,632
Unrealized gain (loss) on securities .....	6,538	4,981	60,889
Treasury stock .....	(983)	(1,328)	(9,161)
Total shareholders' equity .....	88,114	85,572	820,513
<b>Total Liabilities and Shareholders' Equity</b> .....	<b>¥216,638</b>	<b>¥214,966</b>	<b>\$2,017,302</b>

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

## Consolidated Statements of Income

Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2005	2004	2005
<b>Net sales</b> .....	<b>¥ 169,091</b>	¥ 169,344	<b>\$ 1,574,552</b>
<b>Cost of sales</b> .....	<b>141,890</b>	142,679	<b>1,321,264</b>
<b>Gross profit</b> .....	<b>27,200</b>	26,665	<b>253,288</b>
<b>Selling, general and administrative expenses</b> .....	<b>25,387</b>	24,532	<b>236,400</b>
<b>Operating income (loss)</b> .....	<b>1,813</b>	2,132	<b>16,887</b>
<b>Other income and (expenses)</b>			
Interest and dividend income .....	716	445	6,671
Interest expense .....	(659)	(1,204)	(6,142)
Gain on adjustment of income / loss in the prior period .....	42	66	394
Gain on sale of land .....	475	289	4,423
Gain on sale of building .....	0	686	3
Gain on sale of investment securities .....	270	1,151	2,516
Loss on disposition of works in progress .....	—	(9,290)	—
Business reorganization loss .....	(536)	—	(4,993)
Gain on securities contributed to employees' retirement benefit trust .....	1,556	—	14,490
Loss on abandonment of financial claims .....	(841)	—	(7,835)
Others, net .....	(1,445)	(3,038)	(13,456)
<b>Income (loss) before income taxes</b> .....	<b>1,391</b>	(8,760)	<b>12,959</b>
<b>Income Taxes</b> (Note 10)			
Current .....	320	374	2,986
Deferred .....	46	3,279	436
Minority interests in net income (loss) .....	10	(574)	95
<b>Net income (loss)</b> .....	<b>¥ 1,013</b>	¥ (11,840)	<b>\$ 9,441</b>
	yen		U.S. dollars (Note 2)
	2005	2004	2005
<b>Net income (loss) per 1,000 shares:</b>			
Basic .....	¥ 7,950	¥ (92,519)	\$ 74
Diluted .....	7,950	(92,519)	74
<b>Cash dividends per 1,000 shares</b> .....	<b>4,000</b>	4,000	<b>37</b>

## Consolidated Statements of Shareholders' Equity

	Millions of yen		
	Common stock	Capital surplus	Retained earnings
Balance at April 1, 2003 .....	<b>¥ 31,186</b>	¥ 28,714	<b>¥ 33,587</b>
Net income (loss) for the year .....			(11,840)
Increase on merger of subsidiary .....		29	—
Cash dividends .....			(517)
Bonuses to directors and statutory auditors .....			(19)
Increase on merger by consolidated affiliates .....			808
Decrease on merger by consolidated affiliates .....			(29)
Balance at March 31, 2004 .....	<b>¥ 31,186</b>	¥ 28,743	<b>¥ 21,989</b>
Net income (loss) for the year .....			1,013
Treasury stock disposal profit .....		117	—
Cash dividends .....			(506)
Increase in value due to the addition of consolidated subsidiaries ..			99
Reduction in value due to the merger of consolidated subsidiaries ..			(83)
<b>Balance at March 31, 2005</b> .....	<b>¥ 31,186</b>	¥ 28,861	<b>¥ 22,512</b>
	Thousands of U.S. dollars (Note 2)		
	Common stock	Capital surplus	Retained earnings
Balance at March 31, 2004 .....	<b>\$290,400</b>	\$267,657	<b>\$204,760</b>
Net income (loss) for the year .....			9,441
Treasury stock disposal profit .....		1,095	—
Cash dividends .....			(4,720)
Increase in value due to the addition of consolidated subsidiaries ..			925
Reduction in value due to the merger of consolidated subsidiaries ..			(774)
<b>Balance at March 31, 2005</b> .....	<b>\$290,400</b>	\$268,752	<b>\$209,632</b>

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



## Consolidated Statements of Cash Flows

Year ended March 31, 2005

Millions of yen

Thousands  
of U.S. dollars  
(Note 2)

	2005	2004	2005
<b>Cash Flows from Operating Activities:</b>			
Net income (loss) before income taxes .....	¥ 1,391	¥ (8,760)	\$ 12,959
Depreciation and amortization .....	2,783	2,406	25,918
Gain on securities contributed to employees' retirement benefit trust .....	(1,556)	—	(14,490)
(Increase) decrease in trade receivable .....	(2,669)	11,960	(24,858)
Increase (decrease) in accounts payable .....	(4,627)	2,425	(43,087)
(Increase) decrease in inventories .....	3,330	10,925	31,010
Interest and dividend receivable .....	(716)	(445)	(6,671)
Interest payable .....	659	1,204	6,142
Gain (loss) on sales of investment securities .....	(314)	(1,239)	(2,927)
Loss from security valuation .....	138	87	1,285
Gain (loss) on sales of tangible fixed assets .....	(301)	(707)	(2,811)
Additions for early retirement allowance .....	—	11	—
Increase (decrease) in allowance for doubtful accounts .....	(3)	(934)	(31)
Increase (decrease) in accrued retirement benefits for employees .....	49	515	464
(Increase) decrease in other assets .....	2,244	(1,261)	20,896
Increase (decrease) in other liabilities .....	(99)	(1,657)	(926)
Sub-total .....	308	14,531	2,871
Interests and dividend received .....	583	439	5,437
Interests paid .....	(659)	(1,180)	(6,139)
Special additional payment to early retirement .....	—	(11)	—
Payment of income taxes .....	(497)	(490)	(4,628)
Net cash (used in) provided by operating activities .....	(264)	13,287	(2,458)
<b>Cash Flows from Investing Activities:</b>			
Increase (decrease) in refund of time deposits .....	(1,050)	1,160	(9,777)
Payments for purchase of investment securities .....	(3,410)	(3,459)	(31,754)
Proceeds from sales of investment securities .....	1,832	4,296	17,062
Payments for acquisitions of property, plant, equipment and intangible assets .....	(1,817)	(3,169)	(16,925)
Proceeds from sales of property, plant, equipment and intangible assets .....	767	3,085	7,144
Expenditures on the acquisition of affiliated company stock .....	(51)	—	(477)
Expenditure on loans .....	(1,517)	(511)	(14,132)
Proceeds from collection of loans .....	1,496	677	13,933
Investment expenditures .....	(162)	—	(1,517)
(Increase) decrease in accounts receivable for equipment .....	—	1,022	—
Increase in other fixed assets .....	(478)	(1,280)	(4,456)
Decrease in other fixed assets .....	794	1,183	7,395
Net cash (used in) provided by investing activities .....	(3,598)	3,004	(33,506)
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term bank loans .....	10,135	(17,504)	94,384
Issuance of long-term debt .....	1,600	17,429	14,898
Repayments of long-term debt .....	(8,110)	(4,651)	(75,522)
Dividends paid .....	(507)	(517)	(4,724)
Redemption of treasury stock .....	(5)	(793)	(48)
Income on sale of treasury stock .....	474	6	4,419
Expenditure on redemption of straight bond .....	(150)	(9,534)	(1,396)
Income from the issuance of preferred stock .....	1,492	—	13,896
Payments for the redemption of convertible bonds .....	(5,148)	—	(47,937)
Net cash (used in) provided by financing activities .....	(217)	(15,566)	(2,029)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents .....</b>	<b>1</b>	<b>3</b>	<b>14</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents .....</b>	<b>(4,078)</b>	<b>729</b>	<b>(37,980)</b>
<b>Cash and Cash Equivalents at Beginning of Year .....</b>	<b>25,978</b>	<b>18,557</b>	<b>241,906</b>
<b>Increase of cash and cash equivalents through new consolidation .....</b>	<b>674</b>	<b>6,691</b>	<b>6,282</b>
<b>Cash and Cash Equivalents at End of Year .....</b>	<b>¥22,574</b>	<b>¥25,978</b>	<b>\$210,208</b>

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

Cash and deposits .....	¥ 23,814	¥ 25,867	\$ 221,761
Time deposits due over three months .....	(1,340)	(290)	(12,483)
Securities accounts .....	100	401	931
Cash and cash equivalents .....	¥ 22,574	¥ 25,978	\$ 210,208



# 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.

### Fixed assets

Fixed assets are indicated by book value. Method of depreciation is mainly the straight line method by estimated useful life. Main estimated useful lives are as follows.

Building and construction; 2 to 60 years.

Machinery and automotive equipment; 2 to 17 years.

The cost of repair or small amount reformation is charged in book at their occurrences, but any large scale repair or reformation is classified as assets.

### 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 2005, based upon prospective retirement pay obligations and annuity assets at the term end of the consolidated accounting.



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 127,535 thousand and 127,981 thousand for the years ended March 31, 2005 and 2004, respectively.

### Recognition of earning cost

We recognize our revenue from construction works by the complete job method. But in case that the contract sum surpasses 0.5 billion yen and the construction term is over one year, we adopt the percentage of completion method. Although the percentage of completion method had been adopted so far solely by the parent company, from this consolidated accounting term it was also adopted for some consolidated subsidiaries.

### Marketable and Investments Securities

Other marketable securities as of March 31, 2005 are as follows.

<i>Millions of yen</i>			
<b>2005</b>			
	<i>Carrying amounts</i>	<i>Market value</i>	<i>Unrealized gain (loss)</i>
Other securities.....	¥ 11,799	¥ 23,068	¥ 11,269

<i>Thousands of U.S. dollars</i>			
<b>2005</b>			
	<i>Carrying amounts</i>	<i>Market value</i>	<i>Unrealized gain (loss)</i>
Other securities.....	\$109,873	\$214,810	\$104,936

### 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=¥107.39 as of March 31, 2005, 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:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2005</b>	2004	<b>2005</b>
Finished products .....	<b>¥13,452</b>	¥14,747	<b>\$125,266</b>
Work in process .....	<b>19,361</b>	21,403	<b>180,294</b>
Raw materials and supplies .....	<b>1,756</b>	1,701	<b>16,355</b>
	<b>¥34,570</b>	¥37,851	<b>\$321,915</b>

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

The annual average interest rates applicable to short-term bank loans at March 31, 2005 and 2004 are 0.9% and 1.1%, 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	
	2005	2004	2005	2005
Unsecured bonds, due 2006, with interest rate of 2.90% .....	¥ 400	¥ 400	\$ 3,724	
Unsecured bonds, due 2007, with interest rate of 2.50% .....	400	400	3,724	
Unsecured bonds, due 2007, with interest rate of 2.73% .....	300	300	2,793	
Unsecured bonds, due 2007, with interest rate of 2.33% .....	350	350	3,259	
Unsecured bonds, due 2008, with interest rate of 1.95% .....	400	400	3,724	
Unsecured bonds, due 2006, with interest rate of 0.92% .....	150	300	1,396	
Convertible bonds, due 2005, with interest rates of 1.9% .....	—	5,148	—	
Loans from financial institution, due 2005 to 2019 with interest rates between 0.47% and 3.00% .....	16,507	23,018	153,718	
Sub-total .....	18,507	30,316	172,342	
Less current portion of loans .....	(4,984)	(11,951)	(46,419)	
	¥13,522	¥18,364	\$125,923	

The aggregate annual maturities of long-term financial debt at March 31, 2005 and 2004 respectively are as follows:

	Millions of yen		Thousands of U.S. dollars	
	2005	2004	2005	2005
2005 .....	¥ —	¥11,951	\$ —	
2006 .....	4,984	4,929	46,419	
2007 .....	5,054	4,998	47,066	
2008 .....	5,053	4,997	47,061	
2009 .....	3,080	3,439	28,686	
2010 and thereafter .....	333	—	3,108	
	¥18,507	¥30,316	\$172,342	

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, 2005, 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	
	2005	2005	2005	2005
Land .....	¥ 1,731	\$ 16,127		
Buildings and structures .....	2,123	19,770		
Deposit .....	2,579	24,051		
Notes receivable .....	1,174	10,937		
Inventory .....	3,717	34,613		
	¥11,325	\$105,465		

#### 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, 2005.

	Millions of yen	Thousands of U.S. dollars
	2005	2005
Benefit obligation .....	¥(17,115)	\$(159,375)
Pension liability .....	8,701	81,024
Unaccrued retirement benefit obligation .....	(8,414)	(78,351)
Unrecognized actuarial loss .....	2,352	21,903
Accrued retirement benefit .....	¥ (6,062)	\$ (56,448)

Besides the above, the balance sheet lists Retirement Benefits including ¥235 million (US\$2,193 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, 2005.

	Millions of yen	Thousands of U.S. dollars
	2005	2005
Service cost .....	¥ 628	\$ 5,853
Interest cost .....	445	4,149
Expected return on plan assets .....	(28)	(263)
Amortization:		
Actuarial losses .....	468	4,364
Benefit cost .....	¥ 1,514	\$ 14,104

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2005 is as follows:

Method of attributing benefit to periods of service .....	Straight-line basis
Discount rate .....	2.5%
Rate of expected return on plan assets .....	1.0% ~ 1.2%
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, 2005 and 2004, the company was contingently liable as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2005</b>	2004	<b>2005</b>
As guarantor of indebtedness of unconsolidated subsidiaries and others .....	<b>¥4,986</b>	¥3,408	<b>\$46,433</b>
Transfer of bills receivable for securitization .....	<b>¥7,694</b>	¥4,100	<b>\$71,651</b>
Discount of notes and bills .....	<b>¥ 933</b>	¥2,817	<b>\$ 8,692</b>



## Note 7. Leases

The Group leases certain, machinery and equipment, and other assets. Total lease payments under these leases were ¥165 million (\$1,540 thousand) and ¥148 million for the years ended March 31, 2005 and 2004, respectively.

Pro forma information on leased property, such as acquisition costs, accumulated depreciation, and future minimum lease 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, 2005 and 2004, was as follows:

<i>Millions of yen</i>			
<b>2005</b>			
	<i>Machinery and equipment</i>	<i>Others</i>	<i>Total</i>
Acquisition costs .....	¥506	¥296	¥803
Accumulated depreciation .....	283	112	396
Net leased property .....	¥223	¥183	¥406
<i>Millions of yen</i>			
<b>2004</b>			
	<i>Machinery and equipment</i>	<i>Others</i>	<i>Total</i>
Acquisition costs .....	¥462	¥181	¥644
Accumulated depreciation .....	210	79	289
Net leased property .....	¥252	¥101	¥354
<i>Thousands of U.S. dollars</i>			
<b>2005</b>			
	<i>Machinery and equipment</i>	<i>Others</i>	<i>Total</i>
Acquisition costs .....	\$4,716	\$2,761	\$7,477
Accumulated depreciation .....	2,636	1,051	3,688
Net leased property .....	\$2,079	\$1,709	\$3,789

Future minimum lease payments under finance leases as of March 31, 2005 and 2004 were as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2005</b>	2004	<b>2005</b>
Due within one year .....	<b>¥158</b>	¥132	<b>\$1,473</b>
Due after one year .....	<b>248</b>	221	<b>2,316</b>
Total .....	<b>¥406</b>	¥354	<b>\$3,789</b>

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 ¥165 million (\$1,540 thousand) for the year ended March 31, 2005.

## Note 8. Derivatives and Hedging Activities

Some consolidated subsidiaries utilize derivatives of forward exchange contract and interest-rate swap in order to hedge exchange-rate fluctuation risk concerning foreign currency assets and liabilities and hedge against interest-rate fluctuation risk regarding securities and debts. As they trade these with major financial institutions, we assume that the credit risks of these derivatives are low. The Accounting Department implements and controls these forward exchange contracts for our own company by way of in-house consultation and decision.

As to the derivative trades by our consolidated subsidiaries, their Business Management Department or General Affairs Department implement and control them after their internal consultation and decision and also notification to our company.

## Note 9. Research and Development Expenses

Research and development expenditures charged to income were ¥1,362 million (\$12,688 thousand) for the year ended March 31, 2005.

## Note 10. 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 41.0% for the year ended March 31, 2005 and 2004, 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, 2005 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, 2005 and 2004 are presented below:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>2005</b>	2004	<b>2005</b>
Deferred tax assets			
Accrued retirement benefit .....	<b>¥ 4,198</b>	¥ 4,695	<b>\$ 39,094</b>
Accrued bonus indemnities .....	<b>588</b>	483	<b>5,483</b>
Allowance for uncollectable receivables ....	<b>1,038</b>	1,134	<b>9,668</b>
Accrued directors' retirement benefit ..	<b>96</b>	136	<b>899</b>
Operating loss carry-forwards .....	<b>9,333</b>	11,561	<b>86,911</b>
Elimination of inter-company profits .	<b>838</b>	899	<b>7,804</b>
Other .....	<b>1,174</b>	600	<b>10,939</b>
Total gross deferred tax assets .....	<b>17,268</b>	19,511	<b>160,801</b>
Less valuation allowance .....	<b>(7,263)</b>	(7,855)	<b>(67,635)</b>
Net deferred tax assets .....	<b>¥10,005</b>	¥11,655	<b>\$ 93,166</b>
Deferred tax liability			
Evaluated difference of			
other securities .....	<b>(4,620)</b>	(3,702)	<b>(43,022)</b>
Reserve for advanced			
depreciation of propertys .....	<b>(197)</b>	(1,694)	<b>(1,835)</b>
Dividends receivable .....	<b>(5)</b>	(26)	<b>(48)</b>
Other .....	<b>(4,822)</b>	(5,616)	<b>(44,906)</b>
Total deferred tax liabilities .....	<b>(9,644)</b>	(10,038)	<b>(89,811)</b>
Net deferred tax assets .....	<b>¥ 5,182</b>	¥ 6,039	<b>\$ 48,260</b>





## Note 11. Segment Information

The followings are the information about the business segments by each kind and by each region, and the overseas sales at the end of March in 2005 and 2004.

### (1) Industry Segments

#### a. Sales and Operating Income

Millions of yen						
2005						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Sales to customers .....	¥52,275	46,774	62,747	7,293	—	¥169,091
Intersegment .....	¥ 2,105	172	1,002	239	(3,520)	¥ —
Total sales .....	¥54,381	46,946	63,749	7,533	(3,520)	¥169,091
Operating expenses .....	¥53,718	46,726	62,881	7,377	(3,426)	¥167,277
Operating income (loss) ....	¥ 663	220	868	155	(94)	¥ 1,813

Millions of yen						
2004						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Sales to customers .....	¥42,206	40,617	76,908	9,612	—	¥169,344
Intersegment .....	¥ 243	16	1,941	235	(2,436)	¥ —
Total sales .....	¥42,449	40,633	78,849	9,847	(2,436)	¥169,344
Operating expenses .....	¥41,553	39,652	78,202	9,537	(1,734)	¥167,211
Operating income (loss) ....	¥ 896	980	647	310	(702)	¥ 2,132

Thousands of U.S. dollars						
2005						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Sales to customers .....	\$486,782	435,554	584,295	67,920	—	\$1,574,552
Intersegment .....	\$ 19,610	1,608	9,333	2,226	(32,779)	\$ —
Total sales .....	\$506,392	437,163	593,629	70,146	(32,779)	\$1,574,552
Operating expenses .....	\$500,214	435,114	585,544	68,694	(31,903)	\$1,557,664
Operating income (loss) ....	\$ 6,178	2,049	8,084	1,452	(876)	\$ 16,887

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

Millions of yen						
2005						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Assets .....	¥62,201	40,660	38,682	25,026	50,068	¥216,638
Depreciation .....	¥ 1,287	407	429	198	127	¥ 2,451
Capital expenditure .....	¥ 1,085	437	448	181	47	¥ 2,200

Millions of yen						
2004						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Assets .....	¥53,983	31,095	47,781	24,176	57,929	¥214,966
Depreciation .....	¥ 1,166	519	424	185	111	¥ 2,406
Capital expenditure .....	¥ 971	379	1,200	324	129	¥ 3,005

Thousands of U.S. dollars						
2005						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Assets .....	\$579,208	378,622	360,206	233,039	466,226	\$2,017,302
Depreciation .....	\$ 11,989	3,795	4,003	1,852	1,187	\$ 22,828
Capital expenditure .....	\$ 10,110	4,071	4,173	1,691	444	\$ 20,491

(Main products in each segment)

#### Industry A

Steel/cast steel products and their related merchandise;  
Ductile steel pipe, specially shaped pipe, accessories, various  
controlling valves, special cast iron and cast steel, various water  
works construction, investigation/design/construction of civil  
engineering works.

#### Industry B

Steel structure, machinery, and their related products;  
Bridge, water gate, water tube bridge, various industrial  
machinery and plant, disposal facility for bulky waste, various  
press.

#### Industry C

Construction and its related products;  
Construction, various ducts.

#### Industry D

Other products;  
Various FRC products, polymer concrete FRP pipe, various plastic  
molded products.

### (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 12. Subsequent Events

Cash dividends of the Company's retained earnings for  
the year ended March 31, 2005 were proposed by the  
Board of Directors and approved by the shareholders at  
the annual general meeting held on June 29, 2005, as  
follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥2.0 per share)	¥257	\$2,395



# 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, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated 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 consolidated financial position of Kurimoto, Ltd. and consolidated subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles and practices generally accepted in Japan.

As explained in Note 1, although the percentage of completion method had been adopted so far solely by the parent company, from this consolidated accounting term that method was also adopted for some consolidated subsidiaries.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Osaka, Japan  
June 29, 2005

*Naniwa Company*

# Corporate Information

## Kurimoto, Ltd.

### Outline

Founded	1909
Incorporated	1934
Common stock	¥31,186 million*
Total assets	¥161,668 million*
Employees	1,769

\*as of March 31, 2005

### Board of Directors (as of June 29, 2005)

<b>President</b>	Seizo Yokouchi
<b>Vice-President</b>	Minoru Koshida
<b>Senior Managing Director</b>	Takehiro Ueshima
<b>Managing Director</b>	Hirotsugu Kuramoto
<b>Director</b>	Harutake Ishise Meiji Iwatani Kyosuke Sono Hideaki Fukui Moriyoshi Kushida Mitsuo Amagaya
<b>Corporate Auditor</b>	Yoshiharu Kawazoe Toshitsugu Emura Yoshitoshi Kato Akio Tenmei
<b>Managing Officer</b>	Nobuo Kanamori Kazuhiko Saito
<b>Officer</b>	Takayuki Fujimoto Takanobu Tokuyama

### Stock (as of March 31, 2005)

Common Stock	
Number of authorized shares .....	393,766,000
Number of issued shares .....	133,984,908
Number of shareholders .....	9,177

### Principal Shareholders (as of March 31, 2005)

	Number of shares held (in thousands)	Percentage of voting rights
Taiyo Life Insurance Company	12,090	9.0%
Japan Trustee Services Bank, Ltd.	9,459	7.0%
Nippon Life Insurance Company	8,483	6.3%
The Master Trust Bank of Japan, Ltd.	6,643	4.9%
Mizuho Trust & Banking Co., Ltd.	6,101	4.5%
Resona Bank, Limited	4,440	3.3%

### 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, Kitaniho, Chuo-ku, Sapporo 060-0002, Japan  
Telephone: (011) 281-3301 Fax: (011) 271-7850

#### 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 330-8669, Japan  
Telephone: (048)657-3800 Fax: (048)657-3806

#### Nagoya Office

27-2, Meiekiminami, 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

#### Philippines Office

11th floor, 6788 Ayala Avenue, Oledan Square, Makati City, Philippines  
Telephone: +63-2-886-7188 Fax: +63-2-886-7189

#### 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

#### Europe Office

Address: Berliner Allee 40 40212 Dusseldorf, Germany  
Telephone: +49-211-550-46411 Fax: +49-211-550-46420

### 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 29, 2005)

### **Kurimoto Construction Industry Co., Ltd.**

*Operations:* Contract for civil engineering works as a whole, and others

### **Kurimoto Trading Co., Ltd.**

*Operations:* Marketing of ductile iron pipes, valves, and synthetic resin products

### **Kurimoto Plastics Co., Ltd.**

*Operations:* Production and marketing of FRP pipes, synthetic resin products, and fiber-reinforced cement products

### **Kurimoto Construction & Engineering, Ltd.**

*Operations:* Construction and engineering of steel structures

### **Kurimoto Maintenance & Service, Ltd.**

*Operations:* Maintenance of various plants

### **Kurimoto Valve Engineering, Ltd.**

*Operations:* Installation works and maintenance of valves

### **Kurimoto Trading Corporation**

*Operations:* Manufacture and sales of cast iron pipes, pipe fittings and pipe accessories

### **Pipe Systems & Technology, Ltd.**

*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.**

*Operations:* Truck carrier

### **Kurimoto Concrete Industries, Ltd.**

*Operations:* Production of concrete pipes

### **Kurimoto Enviro Co., Ltd.**

*Operations:* Disposing of useless articles

### **AGR Japan Co., Ltd.**

*Operations:* Solid waste management business

### **Sasebo Metal, Ltd.**

*Operations:* Manufacture and sales of castings

### **Sanko Kiko Co., Ltd.**

*Operations:* Marketing of plumbing materials and castings, construction materials

### **FEC, Ltd.**

*Operations:* Marketing valves and water treatment equipment

### **Kurimoto Sowa Co., Ltd.**

*Operations:* Gather and disposing of useless articles

### **Riko, Ltd.**

*Operations:* Production of valves

### **Kurimoto Mec, Ltd.**

*Operations:* Marketing of wear resistant castings, crushers

### **Satoukizai Co., Ltd.**

*Operations:* Marketing of plumbing materials and castings, construction materials

### **Kurimoto Hosono Corporation**

*Operations:* Sales of cast iron and other types of piping

### **Kurimoto Finance Co., Ltd.**

*Operations:* Consulting about financial strategy planning, fund procurement, and its management.

### **Kurimoto Soil Bank, Ltd.**

*Operations:* · Survey, analysis and control of soil contamination  
· Treatment and landfilling of contaminated soil

### **Plants Ecocycle Co., Ltd.**

*Operations:* · Manufacture and sales of waste processing units  
· Sales of treated waste for use as fertilizer and fuel

### **Kurimoto Business Associates Co., Ltd.**

*Operations:* · Rent of real estate, nonlife insurance agency, and contract for other businesses  
· Planning, design, development, maintenance, and management of any information system

### **Kuriken Techno Co., Ltd.**

*Operations:* Contract for civil engineering works

### **Yashima Chemical Engineering Co., Ltd.**

*Operations:* Design, manufacturing, sale, and maintenance of machines relating to varied chemicals and drugs

### **Jiangsu Kurimoto Rixin Environment Co., Ltd.**

*Operations:* Manufacture and sales of environmental equipment

### **Yamatogawa Co., Ltd.**

*Operations:* The sale and the construction of the king of the plumber machinery and materials such as the pipe, the valve

### **Sunrise Co., Ltd.**

*Operations:* marketing of construction materials