

# 04

All for the future of our planet

## ANNUAL REPORT

*Year ended March 31, 2004*

# 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 3,000 people. Today, Kurimoto plays a vital role in supplying basic industrial products, machines, and services domestically and abroad.

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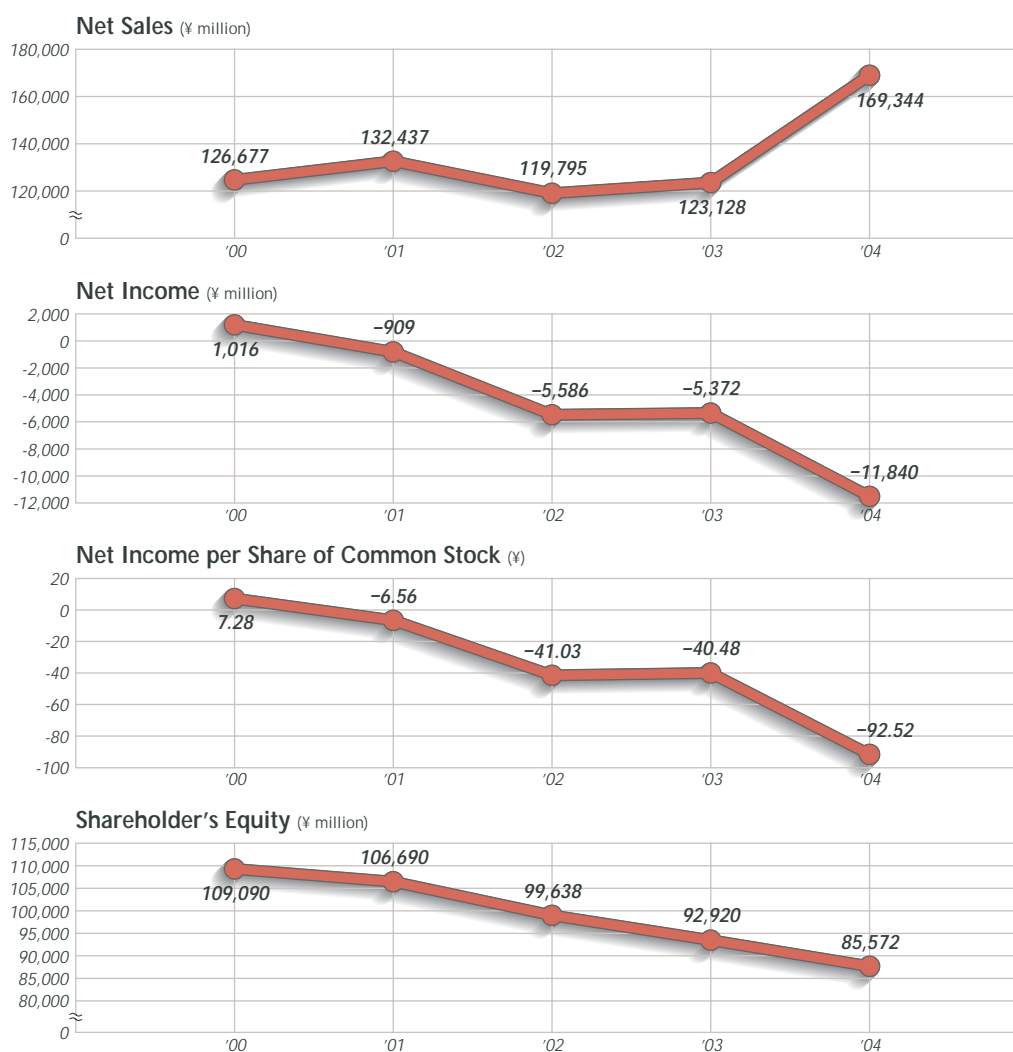
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# Financial Highlights

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

Years ended March 31	2004	2003	2002	2001	2000	2004
Net sales .....	¥ 169,344	¥ 123,128	¥ 119,795	¥ 132,437	¥ 126,677	\$ 1,602,274
Net income (loss) .....	(11,840)	(5,372)	(5,586)	(909)	1,016	(112,032)
Per 1,000 shares of common stock						
Net income (loss) .....	(92,519)	(40,478)	(41,030)	(6,560)	7,280	(875)
Cash dividends .....	4,000	4,000	4,000	8,000	8,000	37
Total assets .....	214,966	181,275	190,817	202,714	197,841	2,033,934
Total shareholders' equity .....	85,572	92,920	99,638	106,690	109,090	809,654

Notes: The U.S. dollar amounts are calculated at the exchange rate of ¥105.69 to \$1, the rate prevailing on March 31, 2004.



# President's Message

We have now finalized the settlement of our accounts for the 108th term, and would like to report a review of the period accompanied by business outlines.

During the period under review, the Japanese economy showed signs of recovery due to an increase in exports and capital investment. However, personal consumption has remained sluggish owing to the severe situations surrounding employment and income. Domestic demand has also failed to pick up completely for various reasons, such as a decline in public investment. The condition of these circumstances remains serious and economic recovery still appears to be on hold.

Under such circumstances, we have committed ourselves to improving and strengthening our management structure by employing several measures for business recovery, such as increasing productivity and reducing costs in order to recapture orders, make sales, and also raise profit yields.

Concerning orders, the market environment continued to be very problematic owing to a reduction in the public works budget and other issues. Despite such a situation, orders increased in the Steel Structure Division and the area related to industrial machinery in the Plant Engineering and Machinery Division. However, the area related to environmental machinery in the Plant Engineering and Machinery Division and the area involved with private sector demands in the Construction Materials Division suffered decreases.

In sales, the environmental machinery section and all other divisions showed a decline.

Consequently, the amount of sales was 169.3 billion yen (1,602.2 million dollars), which marks a 37.5% increase on the figure of the previous term.

Concerning profits, in spite of factors such as a decrease in sales due to a drop-off in prices and certain increases brought about by a steep rise in raw material costs, the operating income resulted in 2.1 billion yen (20.1 million dollars), which is a decrease of 4.2% from the previous term. This was on account of our efforts to reduce fixed expenses and sales expenses through pay cutting and other schemes. Meanwhile, there was a gain on the sale of long-held securities, and the overall net loss during the period under review was 11.8 billion yen (112 million dollars).

In January 2004, we made Kurimoto Construction Industry Ltd. our wholly owned subsidiary in order to improve our group's all-round strength. We also merged our former wholly owned subsidiary,

Kurimoto Construction Material, Ltd. in March 2004 with the aim of combining management resources and to promote streamlining.

In the matter of dividends at the end of the period under review, we settled upon the figure of 2,000 yen/18 dollars for 1,000 shares (annual dividend was 4,000 yen/37 dollars per 1,000 shares including the interim dividend), which remained the same as the previous term.

Even though there was a partial recovery, full-scale revival of the Japanese economy in the foreseeable future is still uncertain, as deflation seems to remain strong.

With respect to gaining a perspective on our business, competition will continue to become more severe due to a reduction in public works spending, with the overall business environment expected to become more difficult.

To deal with this situation, we will focus on the five key points, "environment, energy, overseas, lifestyle-oriented, and expansion of private-sector demand" and promote the following core measures with the purpose of bringing about the early recovery of our business.

As for the fields of "environment and energy," we have established the Environmental Division with the aim of creating one organization that deals with matters related to both waste treatment and water treatment. Our mission in this area is: (1) to become an organization that offers environmental solutions to meet diversified client requirements, and (2) to expand business through the reconciliation of management resources between waste and water treatment areas by developing and commercializing new products and formulating a profit-making culture.

Regarding the "overseas" field, we will take early steps in a variety of businesses, including strengthening the functions of the Valve division concerning bases for overseas procurement and overseas production, mainly in China; a global market cultivation for those divisions related to machinery (press machines and powder system); and development of the European market for brake disks for railways.

With regard to the "lifestyle-oriented, and expansion of private-sector demand" fields, we made Kurimoto Construction Industry Ltd., a long time contributor to improvements in people's living space, our wholly owned subsidiary. We will utilize the synergetic effect to expand our business and showcase the Kurimoto brand.

In addition, for the "expansion of private-sector demand," we will make



Seizo Yokouchi  
President

special efforts concerning environmental issues (nongovernmental-level recycling), one of our most important areas, and the early development of new business and new products in the field of industrial machinery. This could be achieved through M&A, alliances and technical collaborations.

In order to improve earnings, we feel the key to success is to focus strongly on added values. With this in mind, we will set up an added-value management indicator, and strive to vigorously conduct activities in all departments and divisions. We will also try to establish a profit-making culture throughout the company, by improving on our financial position with schemes that would include the control of capital investment and a reduction in assets.

Finally, as part of our strategy to intensify our management system, we systemized a section for management planning in April, 2004. Its two core measures are:

"Operational renovation" - Aiming to realize "a headquarters that is small yet strong," by the reinforcement of management operation functions.

"Structural business reform" - Formulating a basic strategy and a mid-term business strategy, that focus on selecting and concentrating on businesses and effecting their reorganization; policies in technological development and cultivation of business; and overseas business promotion.

Thank you for your continued support.

June 2004

A handwritten signature in dark ink, reading "S. Yokouchi".

Seizo Yokouchi  
President

## Construction and Others

¥4.1 billion 2.4%

## Plastic Products

¥8.4 billion 5.0%

## Valves

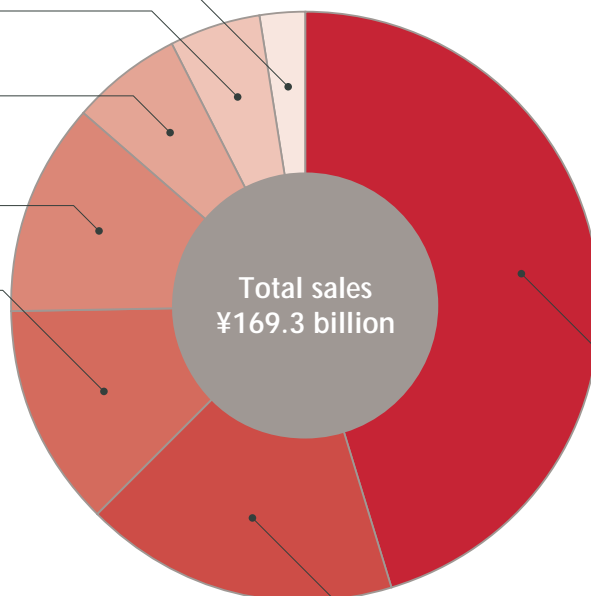
¥10.2 billion 6.0%

## Plant Engineering and Machinery

¥19.8 billion 11.7%

## Steel Structures

¥20.8 billion 12.3%



## Construction Materials

¥76.9 billion 45.4%

## Ductile Iron Pipes

¥29.0 billion 17.2%



## 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: ¥29.0 billion (5.3% 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: ¥19.8 billion (36.1% decrease 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 high-way 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: ¥20.8 billion (7.9% decrease 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: ¥8.4 billion (7.1% decrease 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: ¥76.9 billion (508.6% increase from the previous term due to the building construction being included.)

### Production:

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



## 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: ¥4.1 billion (33.0% 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: ¥10.2 billion (7.2% 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 Construction Industry. Co., Ltd.

Director: Masakatsu Ishikura  
 Operations: Contract for civil engineering works as a whole, and others  
 Capital: ¥5,770 million (US\$54,593,622)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 1946 and became a subsidiary in 2003  
 Orders: ¥35,789 million (US\$338,627 thousand)  
 (45.2% decrease)  
 Sales: ¥66,734 million (US\$631,416 thousand)  
 (28.3% increase)

## Kurimoto Trading Co., Ltd.

Director: Yosuke Matsumoto  
 Operations: Marketing of cast iron pipes, valves, and synthetic resin products  
 Capital: ¥200 million (US\$1,892,326)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: December 1952 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥13,794 million (US\$130,521 thousand)  
 (24.7% increase)  
 Sales: ¥13,365 million (US\$126,459 thousand)  
 (9.5% 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\$2,838,489)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 1971 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥6,009 million (US\$56,857 thousand)  
 (22.2% decrease)  
 Sales: ¥6,040 million (US\$57,155 thousand)  
 (14.2% decrease)

## Kurimoto Construction & Engineering, Ltd.

Director: Yasuo Murayama  
 Operations: Construction and engineering of steel structures  
 Capital: ¥100 million (US\$946,163)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: November 1986 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,978 million (US\$18,716 thousand)  
 (47.3% increase)  
 Sales: ¥1,343 million (US\$12,710 thousand)  
 (26.5% decrease)

## Kurimoto Maintenance & Service, Ltd.

Director: Tsutomu Taki  
 Operations: Maintenance of various plants  
 Capital: ¥100 million (US\$946,163)  
 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: ¥1,749 million (US\$16,556 thousand)  
 (11.8% increase)  
 Sales: ¥1,840 million (US\$17,414 thousand)  
 (3.0% increase)

## Kurimoto Valve Engineering, Ltd.

Director: Katsumi Horii  
 Operations: Installation works and maintenance of valves  
 Capital: ¥50 million (US\$473,081)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: June 1998 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,246 million (US\$11,789 thousand)  
 (18.9% increase)  
 Sales: ¥1,229 million (US\$11,629 thousand)  
 (7.5% increase)

## Kurimoto Trading Corporation

Director: Kenji Machida  
 Operations: Manufacture and sales of cast iron pipes, pipe fittings and pipe accessories  
 Capital: ¥50 million (US\$473,081)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 2001 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥10,814 million (US\$102,323 thousand)  
 (15.1% decrease)  
 Sales: ¥10,814 million (US\$102,323 thousand)  
 (15.1% decrease)

## 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\$946,163)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 2001 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥1,826 million (US\$17,282 thousand)  
 (50.8% increase)  
 Sales: ¥1,149 million (US\$10,873 thousand)  
 (21.5% increase)

## Kurimoto Logistics Co., Ltd.

Director: Masao Tomo  
 Operations: Truck carrier  
 Capital: ¥90 million (US\$851,546)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: March 1960 and became a subsidiary in 2001.  
 Orders: ¥3,076 million (US\$29,111 thousand)  
 (5.9% decrease)  
 Sales: ¥3,076 million (US\$29,111 thousand)  
 (5.9% decrease)

## Kurimoto Mec Ltd.

Director: Enji Hatanaka  
 Operations: Marketing of wear resistant castings, crushers  
 Capital: ¥90 million (US\$851,546)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: April 2002 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥8,047 million (US\$76,141 thousand)  
 (15.4% decrease)  
 Sales: ¥7,944 million (US\$75,164 thousand)  
 (16.2% increase)

## Kurimoto Finance Co., Ltd.

Director: Hidetsugu Morishita  
 Operations: Consulting about financial strategy planning, fund procurement, and its management.  
 Capital: ¥10 million (US\$94,616)  
 Stockholder: All stock is owned by Kurimoto, Ltd.  
 Established: July 2002 as a subsidiary of Kurimoto, Ltd.  
 Orders: ¥31 million (US\$298 thousand)  
 (65.3% increase)  
 Sales: ¥31 million (US\$298 thousand)  
 (65.3% increase)



# Financial Section

## Consolidated Balance Sheets

March 31, 2004 and 2003

Assets	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2003	2004
<b>Current assets</b>			
Cash and time deposits .....	¥ 25,867	¥ 17,439	\$ 244,746
Trade notes and accounts receivable .....	47,291	46,093	447,453
Trade notes and accounts receivable —— unconsolidated subsidiaries and affiliates .....	1,977	2,774	18,706
Marketable securities .....	604	2,190	5,721
Inventories (Note 3) .....	37,851	20,468	358,138
Deferred income taxes (Note 10) .....	396	559	3,753
Prepaid expenses and other current assets .....	10,252	8,722	97,003
Allowance for doubtful accounts .....	(809)	(334)	(7,657)
Total current assets .....	123,431	97,914	1,167,865
<b>Property, plant and equipment</b>			
Buildings and structures .....	30,409	28,324	287,719
Machinery and equipment .....	63,463	63,756	600,470
Land .....	29,404	28,753	278,217
Construction in progress .....	302	864	2,858
Accumulated depreciation .....	(70,200)	(70,029)	(664,215)
Total property, plant and equipment .....	53,378	51,668	505,051
<b>Investments and other assets</b>			
Investment securities —— other .....	25,615	15,046	242,364
Investment securities —— unconsolidated subsidiaries and affiliates .....	2,258	3,093	21,366
Long-term loans —— other .....	651	169	6,167
Long-term loans —— unconsolidated subsidiaries and affiliates .....	120	160	1,135
Other investments .....	6,062	4,760	57,359
Allowance for doubtful accounts .....	(3,231)	(2,161)	(30,579)
Deferred income taxes (Note 10) .....	5,642	10,255	53,388
Long-term prepaid expenses and other .....	965	367	9,137
Total investments and other assets .....	38,084	31,691	360,340
<b>Deferred assets</b>			
Stock issue expenses .....	41	—	392
Development expenses .....	30	—	284
Total deferred assets .....	71	—	676
<b>Total Assets</b> .....	<b>¥214,966</b>	<b>¥181,275</b>	<b>\$2,033,934</b>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
<b>Liabilities and Shareholders' Equity</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>
<b>Current liabilities</b>			
Trade notes and accounts payable .....	¥ 50,146	¥ 29,038	\$ 474,465
Trade notes and accounts payable —— unconsolidated subsidiaries and affiliates .....	1,689	2,072	15,989
Short-term bank loans (Note 4) .....	17,531	16,390	165,880
Current portion of long-term debt .....	11,951	10,155	113,084
Accrued taxes on income .....	358	464	3,393
Accrued liabilities .....	3,411	3,883	32,280
Advances received .....	13,100	6,065	123,951
Employees' savings deposits .....	866	900	8,202
Other current liabilities .....	3,362	3,563	31,818
Total current liabilities .....	102,420	72,534	969,065
<b>Long-term liabilities</b>			
Retirement benefits (Note 5) .....	8,546	6,627	80,860
Long-term debt (Note 4) .....	18,364	9,192	173,756
Other long-term liabilities .....	63	—	597
Total long-term liabilities .....	26,973	15,820	255,214
Total liabilities .....	129,394	88,354	1,224,279
<b>Shareholders' Equity</b>			
Common stock .....	31,186	31,186	295,071
Authorized: 393,766,000 shares			
Issued: 133,984,908 shares in 2003			
133,984,908 shares in 2004			
Capital surplus .....	28,743	28,714	271,962
Retained earnings .....	21,989	33,587	208,053
Unrealized gain (loss) on securities .....	4,981	(32)	47,135
Treasury stock .....	(1,328)	(534)	(12,568)
Total shareholders' equity .....	85,572	92,920	809,654
<b>Total Liabilities and Shareholders' Equity</b> .....	<b>¥214,966</b>	<b>¥181,275</b>	<b>\$2,033,934</b>

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

## Consolidated Statements of Income

Years ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2004	2003	2004
Net sales .....	¥ 169,344	¥ 123,128	\$ 1,602,274
Cost of sales .....	142,679	97,764	1,349,979
Gross profit .....	26,665	25,363	252,294
Selling, general and administrative expenses .....	24,532	23,135	232,115
Operating income (loss) .....	2,132	2,227	20,179
Other income and (expenses)			
Interest and dividend income .....	445	439	4,218
Interest expense .....	(1,204)	(520)	(11,400)
Gain on adjustment of income / loss in the prior period .....	66	17	632
Gain on sale of land .....	289	905	2,739
Gain on sale of building .....	686	—	6,498
Gain on sale of investment securities .....	1,151	—	10,899
Loss on disposition of works in progress .....	(9,290)	—	(87,904)
Additional allowance for early retirement .....	—	(3,360)	—
Increase (decrease) due to a change in accounting standards for retirement benefit obligation .....	—	(1,387)	—
Loss on revaluation of investment securities .....	—	(2,070)	—
Addition of allowance for doubtful accounts .....	—	(1,657)	—
Others, net .....	(3,038)	(2,642)	(28,752)
Income (loss) before income taxes .....	(8,760)	(8,050)	(82,890)
Income Taxes (Note 10)			
Current .....	374	447	3,543
Deferred .....	3,279	(3,125)	31,033
Minority interests .....	(574)	—	(5,435)
Net income (loss) .....	¥ (11,840)	¥ (5,372)	\$ (112,032)

	yen		U.S. dollars (Note 2)
	2004	2003	2004
Net income (loss) per 1,000 shares:			
Basic .....	¥ (92,519)	¥ (40,478)	\$ (875)
Diluted .....	(92,519)	(40,478)	(875)
Cash dividends per 1,000 shares .....	4,000	4,000	37

## Consolidated Statements of Shareholders' Equity

	Millions of yen		
	Common stock	Capital surplus	Retained earnings
Balance at April 1, 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
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 of consolidated affiliates .....			(29)
Balance at March 31, 2004 .....	¥ 31,186	¥ 28,743	¥ 21,989

	Thousands of U.S. dollars (Note 2)		
	Common stock	Capital surplus	Retained earnings
Balance at March 31, 2003 .....	\$295,071	\$271,687	\$317,792
Net income (loss) for the year .....			(112,032)
Increase on merger of subsidiary .....		274	—
Cash dividends .....			(4,891)
Bonuses to directors and statutory auditors .....			(188)
Increase on merger by consolidated affiliates .....			7,649
Decrease on merger of consolidated affiliates .....			(274)
Balance at March 31, 2004 .....	\$295,071	\$271,962	\$208,053

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

## Consolidated Statements of Cash Flows

Year ended March 31, 2004

Millions of yen

Thousands  
of U.S. dollars  
(Note 2)

	2004	2003	2004
<b>Cash Flows from Operating Activities:</b>			
Net income (loss) before income taxes .....	¥ (8,760)	¥ (8,050)	\$ (82,890)
Depreciation and amortization .....	2,406	3,752	22,773
Gain (loss) on investment on the equity method .....	—	566	—
(Increase) decrease in trade receivable .....	11,960	(831)	113,161
Increase (decrease) in accounts payable .....	2,425	(3,356)	22,948
(Increase) decrease in inventories .....	10,925	8,502	103,375
Interest and dividend receivable .....	(445)	(439)	(4,218)
Interest payable .....	1,204	520	11,400
Gain (loss) on sales of investment securities .....	(1,239)	(50)	(11,730)
Loss from security valuation .....	87	2,076	826
Gain (loss) on sales of tangible fixed assets .....	(707)	(882)	(6,692)
Additions for early retirement allowance .....	11	3,360	107
Increase (decrease) in allowance for doubtful accounts .....	(934)	1,989	(8,838)
Increase (decrease) in accrued retirement benefits for employees ...	515	(1,864)	4,875
(Increase) decrease in other assets .....	(1,261)	(188)	(11,933)
Increase (decrease) in other liabilities .....	(1,657)	(996)	(15,678)
Sub-total .....	14,531	4,110	137,488
Interests and dividend received .....	439	619	4,154
Interests paid .....	(1,180)	(533)	(11,171)
Special additional payment to early retirement .....	(11)	(3,360)	(107)
Payment of income taxes .....	(490)	(191)	(4,639)
Net cash (used in) provided by operating activities .....	13,287	644	125,724
<b>Cash Flows from Investing Activities:</b>			
Increase (decrease) in refund of time deposits .....	1,160	(599)	10,975
Payments for purchase of investment securities .....	(3,459)	(7,118)	(32,733)
Proceeds from sales of investment securities .....	4,296	2,578	40,656
Payments for acquisitions of property, plant, equipment and intangible assets .....	(3,169)	(2,288)	(29,991)
Proceeds from sales of property, plant, equipment and intangible assets .....	3,085	1,205	29,194
Expenditure on loans .....	(511)	(8,135)	(4,839)
Proceeds from collection of loans .....	677	2,850	6,411
(Increase) decrease in accounts receivable for equipment .....	1,022	1,291	9,678
Increase in other fixed assets .....	(1,280)	(495)	(12,119)
Decrease in other fixed assets .....	1,183	304	11,200
Net cash (used in) provided by investing activities .....	3,004	(10,408)	28,431
<b>Cash Flows from Financing Activities:</b>			
Increase (decrease) in short-term bank loans .....	(17,504)	9,210	(165,622)
Issuance of long-term debt .....	17,429	3,000	164,911
Repayments of long-term debt .....	(4,651)	(608)	(44,007)
Dividends paid .....	(517)	(536)	(4,900)
Redemption of treasury stock .....	(793)	(769)	(7,511)
Income on sale of treasury stock .....	6	—	56
Expenditure on redemption of straight bond .....	(9,534)	(3,500)	(90,208)
Expenditure on redemption by purchase of straight bond .....	—	(101)	—
Payments for the redemption of convertible bonds .....	—	(301)	—
Net cash (used in) provided by financing activities .....	(15,566)	6,393	(147,281)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents .....</b>	<b>3</b>	<b>1</b>	<b>28</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents .....</b>	<b>729</b>	<b>(3,369)</b>	<b>6,902</b>
<b>Cash and Cash Equivalents at Beginning of Year .....</b>	<b>18,557</b>	<b>21,926</b>	<b>175,581</b>
<b>Increase of cash and cash equivalents through new consolidation ....</b>	<b>6,691</b>	<b>—</b>	<b>63,312</b>
<b>Cash and Cash Equivalents at End of Year .....</b>	<b>¥25,978</b>	<b>¥18,557</b>	<b>\$245,797</b>

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

Cash and deposits .....	¥ 25,867	¥ 17,439	\$ 244,749
Time deposits due over three months .....	(290)	(1,040)	(2,749)
Securities accounts .....	401	2,157	3,800
Cash and cash equivalents .....	¥ 25,978	¥ 18,557	\$ 245,797

# 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. At this business term (and henceforth), we have changed the method of depreciation of tangible fixed assets from the declining balance method to the straight line method.

### 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 2004, 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 127,981 thousand and 132,725 thousand for the years ended March 31, 2004 and 2003, 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. At this term (and henceforth), we have changed our standards to apply the percentage of completion method.

#### Marketable and Investments Securities

Other marketable securities as of March 31, 2004 are as follows.

	Millions of yen		
	2004		
	Carrying amounts	Market value	Unrealized gain (loss)
Other securities .....	¥ 10,691	¥ 19,721	¥ 9,030
	Thousands of U.S. dollars		
	2004		
	Carrying amounts	Market value	Unrealized gain (loss)
Other securities .....	\$101,155	\$186,597	\$85,441

#### 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=¥105.69 as of March 31, 2004, 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
	2004	2003	2004
Finished products .....	¥14,747	¥ 8,638	\$139,531
Work in process .....	21,403	10,398	202,511
Raw materials and supplies .....	1,701	1,432	16,095
	¥37,851	¥20,468	\$358,138

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

The annual average interest rates applicable to short-term bank loans at March 31, 2004 and 2003 are 1.1% and 0.55%, 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
	2004	2003	2004
Unsecured bonds, due 2003, with interest rate of 1.78% .....	¥ —	¥ 6,400	\$ —
Unsecured bonds, due 2006, with interest rate of 2.90% .....	400	—	3,784
Unsecured bonds, due 2007, with interest rate of 2.50% .....	400	—	3,784
Unsecured bonds, due 2007, with interest rate of 2.73% .....	300	—	2,838
Unsecured bonds, due 2007, with interest rate of 2.33% .....	350	—	3,311
Unsecured bonds, due 2008, with interest rate of 1.95% .....	400	—	3,784
Unsecured bonds, due 2006, with interest rate of 0.92% .....	300	—	2,838
Convertible bonds, due 2005, with interest rates of 1.9% .....	5,148	5,148	48,708
Warrant-bearing bonds, due 2003, with interest rates of 1.4% .....	—	2,734	—
Loans from financial institution, due 2004 to 2027 with interest rates between 0.47% and 6.00% .....	23,018	5,065	217,789
Sub-total .....	30,316	19,348	286,840
Less current portion of loans .....	(11,951)	(10,155)	(113,084)
	¥18,364	¥ 9,192	\$173,756



The aggregate annual maturities of long-term financial debt at March 31, 2004 and 2003 respectively are as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
2004 .....	¥ —	¥10,155	\$ —
2005 .....	11,951	6,041	113,084
2006 .....	4,929	873	46,638
2007 .....	4,998	783	47,294
2008 .....	4,997	1,494	47,282
2009 and thereafter .....	3,439	—	32,540
	¥30,316	¥19,348	\$286,840

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, 2004, 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
	2004	2004
Land .....	¥ 1,731	\$ 16,387
Buildings and structures .....	2,152	20,366
Deposit .....	2,579	24,401
Notes receivable .....	2,427	22,972
Inventory .....	3,780	35,770
	¥12,672	\$119,898

## 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, 2004.

	Millions of yen	Thousands of U.S. dollars
	2004	2004
Benefit obligation .....	¥ (12,695)	\$ (120,117)
Pension liability .....	1,188	11,243
Unaccrued retirement benefit obligation .....	(11,506)	(108,873)
Unrecognized actuarial loss .....	3,278	31,017
Accrued retirement benefit .....	¥ (8,228)	\$ (77,856)

Besides the above, the balance sheet lists Retirement Benefits including ¥317 million (US\$3,003 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, 2004.

	Millions of yen	Thousands of U.S. dollars
	2004	2004
Service cost .....	¥ 677	\$ 6,414
Interest cost .....	375	3,557
Expected return on plan assets .....	(9)	(89)
Amortization:		
Actuarial losses .....	798	7,558
Benefit cost .....	¥ 1,843	\$ 17,440

Assumption used in the accounting for the defined benefit plans for the year ended March 31, 2004 is as follows:

Method of attributing benefit to periods of service .....	Straight-line basis
Discount rate .....	2.5% ~ 3.0%
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, 2004 and 2003, the company was contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
As guarantor of indebtedness of unconsolidated subsidiaries and others .....	¥3,408	¥3,451	\$32,253
Transfer of bills receivable for securitization .....	¥4,100	—	\$38,798
Discount of notes and bills .....	¥2,817	—	\$26,655

## Note 7. Leases

The Group leases certain, machinery and equipment, and other assets. Total lease payments under these leases were ¥148 million (\$1,406 thousand) and ¥100 million for the years ended March 31, 2004 and 2003, 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, 2004 and 2003, was as follows:

	Millions of yen		
	2004		
	Machinery and equipment	Others	Total
Acquisition costs .....	¥462	¥181	¥644
Accumulated depreciation .....	210	79	289
Net leased property .....	¥252	¥101	¥354

	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

	Thousands of U.S. dollars		
	2004		
	Machinery and equipment	Others	Total
Acquisition costs .....	\$4,379	\$1,715	\$6,094
Accumulated depreciation .....	1,991	752	2,743
Net leased property .....	\$2,388	\$ 963	\$3,351

Future minimum lease payments under finance leases as of March 31, 2004 and 2003 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Due within one year .....	¥132	¥ 94	\$1,257
Due after one year .....	221	153	2,093
Total .....	¥354	¥248	\$3,351

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 ¥148 million (\$1,406 thousand) for the year ended March 31, 2004.

## 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 ¥1,671 million (\$15,818 thousand) for the year ended March 31, 2004.

## 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, 2004 and 2003, 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, 2004 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, 2004 and 2003 are presented below:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Deferred tax assets			
Accrued retirement benefit .....	¥ 4,695	¥ 3,940	\$ 44,422
Accrued bonus indemnities .....	483	449	4,579
Allowance for uncollectable receivables ...	1,134	529	10,729
Accrued directors' retirement benefit ..	136	123	1,290
Operating loss carry-forwards .....	11,561	6,726	109,393
Elimination of inter-company profits ..	899	826	8,513
Other .....	600	674	5,680
Total gross deferred tax assets .....	19,511	13,270	184,609
Less valuation allowance .....	(7,855)	(354)	(74,324)
Net deferred tax assets .....	¥11,655	¥12,916	\$110,284
Deferred tax liability			
Evaluated difference of			
other securities .....	(3,702)	—	(35,031)
Reserve for advanced			
depreciation of property .....	(1,694)	(1,834)	(16,036)
Dividends receivable .....	(192)	(253)	(1,823)
Other .....	(26)	(12)	(251)
Total deferred tax liabilities .....	(5,616)	(2,101)	(53,141)
Net deferred tax assets .....	¥ 6,039	¥10,814	\$ 57,142

## 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 2004 and 2003. At this term (and henceforth), we have newly set up a segment of "Construction and its related products", and at the same time some businesses have been transferred to different segments. The contents in the previous term are shown after the rearrangement in accordance with this term's business classification.

### (1) Industry Segments

#### a. Sales and Operating Income

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

Millions of yen						
2003						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Sales to customers .....	¥46,278	53,573	12,637	10,639	—	¥123,128
Intersegment .....	¥ 123	429	1	370	(924)	¥ —
Total sales .....	¥46,401	54,003	12,638	11,009	(924)	¥123,128
Operating expenses .....	¥46,455	51,771	12,724	10,348	(399)	¥120,900
Operating income (loss) .....	¥ (54)	2,231	(86)	661	(524)	¥ 2,227

Thousands of U.S. dollars						
2004						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Sales to customers .....	\$399,340	384,304	727,681	90,947	—	\$1,602,274
Intersegment .....	\$ 2,304	152	18,368	2,229	(23,054)	\$ —
Total sales .....	\$401,644	384,457	746,049	93,177	(23,054)	\$1,602,274
Operating expenses .....	\$393,161	375,179	739,920	90,243	(16,409)	\$1,582,094
Operating income (loss) .....	\$ 8,482	9,278	6,129	2,933	(6,644)	\$ 20,179

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

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

Millions of yen						
2003						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Assets .....	¥58,099	34,385	15,205	22,943	50,641	¥181,275
Depreciation .....	¥ 1,987	823	489	299	153	¥ 3,752
Capital expenditure .....	¥ 620	246	632	241	40	¥ 1,781

Thousands of U.S. dollars						
2004						
	Industry A	Industry B	Industry C	Industry D	Eliminations/ Corporate	Consolidated
Assets .....	\$510,767	294,218	452,088	228,749	548,109	\$2,033,934
Depreciation .....	\$ 11,041	4,911	4,012	1,756	1,051	\$ 22,773
Capital expenditure .....	\$ 9,194	3,586	11,356	3,074	1,221	\$ 28,434

(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, 2004 were proposed by the Board  
of Directors and approved by the shareholders at the  
annual general meeting held on June 29, 2004, as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥2.0 per share)	¥253	\$2,398

## 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, 2004 and 2003, 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, 2004 and 2003, 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.

As explained in Note 1, the Company has changed the method of depreciation of tangible fixed assets and the standards to apply the percentage of completion method.

Osaka, Japan  
June 29, 2004

*Naniwa Company*

## Kurimoto, Ltd.

### Outline

Founded	1909
Incorporated	1934
Common stock	¥31,186 million*
Total assets	¥160,459 million*
Employees	1,795

\*as of March 31, 2004

### Board of Directors (as of June 29, 2004)

<b>President</b>	Seizo Yokouchi
<b>Vice-President</b>	Minoru Koshida
<b>Senior Managing Director</b>	Takehiro Ueshima
<b>Managing Director</b>	Harutake Ishise
<b>Director</b>	Toshitsugu Emura Meiji Iwatani Kyosuke Sono Hideaki Fukui Moriyoshi Kushida
<b>Corporate Auditor</b>	Yoshiharu Kawazoe Hiromichi Ichida Yoshitoshi Kato
<b>Managing Officer</b>	Yasuo Kawabata Nobuo Kanamori Hirotsugu Kuramoto Kazuhiko Saito
<b>Officer</b>	Mitsuo Amagaya Noboru Tajima

### Stock (as of March 31, 2004)

Common Stock	
Number of authorized shares .....	393,766,000
Number of issued shares .....	133,984,908
Number of shareholders .....	9,025

### Principal Shareholders (as of March 31, 2004)

	Number of shares held (in thousands)	Percentage of voting rights
Japan Trustee Services Bank, Ltd.	14,415	11.4%
The Taiyo Mutual Life Insurance Co.	12,090	9.6%
Nippon Life Insurance Company	8,565	6.8%
Mizuho Trust & Banking Co., Ltd.	6,101	4.8%
The Master Trust Bank of Japan, Ltd.	5,254	4.2%
Shinsei Bank, Limited	4,719	3.7%

### Offices

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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

#### 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, 2004)

### 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

### K-TEC Co., Ltd.

*Operations:* Marketing and installation works and maintenance of construction materials

### 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