

Consolidated Financial Statements

Yodogawa Steel Works, Ltd.

*Years ended March 31, 2000 and 2001
with Independent Auditors' Report*

Yodogawa Steel Works, Ltd.

Consolidated Financial Statements

Years ended March 31, 2000 and 2001

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Consolidated Financial Statements

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Independent Auditors' Report on Consolidated Financial Statements

The Board of Directors and the Shareholders
Yodogawa Steel Works, Ltd.

We have audited the consolidated balance sheets of Yodogawa Steel Works, Ltd. and consolidated subsidiaries as of March 31, 2000 and 2001, the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Yodogawa Steel Works, Ltd. and consolidated subsidiaries at March 31, 2000 and 2001, 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 applied on a consistent basis.

As described in Note 1, Yodogawa Steel Works, Ltd. and consolidated subsidiaries have adopted new accounting standards for consolidation and tax-effect accounting effective the year ended March 31, 2000 and for employees' retirement benefits, financial instruments and foreign currency translation effective the year ended March 31, 2001 in the preparation of their consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2001 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Osaka, Japan
June 28, 2001

See Note 1 which explains the basis of preparation of the consolidated financial statements of Yodogawa Steel Works, Ltd. and consolidated subsidiaries under Japanese accounting principles and practices.

Yodogawa Steel Works, Ltd.

Consolidated Balance Sheets

March 31, 2000 and 2001

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2000	2001	2001
Assets			
Current assets:			
Cash and cash equivalents	¥ 31,578	¥ 24,313	\$ 196,231
Short-term investments	2,163	464	3,745
Marketable securities (Note 3)	20,704	3,339	26,949
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliates	12,181	14,235	114,891
Trade	32,789	33,332	269,024
Less allowance for doubtful receivables	(217)	(169)	(1,364)
Inventories	31,732	32,528	262,534
Deferred income taxes (Note 7)	947	831	6,707
Other current assets	4,806	3,309	26,707
Total current assets	<u>136,683</u>	<u>112,182</u>	<u>905,424</u>
Property, plant and equipment, at cost (Note 4):			
Land (Note 8)	22,501	22,958	185,295
Buildings and structures	48,051	53,657	433,067
Machinery, equipment and vehicles	120,218	132,548	1,069,798
Construction in progress	11,260	755	6,094
Less accumulated depreciation	(125,232)	(129,535)	(1,045,481)
Property, plant and equipment, net	<u>76,798</u>	<u>80,383</u>	<u>648,773</u>
Investments and other assets:			
Investments in securities (Notes 3 and 4)	2,041	18,711	151,017
Investments in and advances to unconsolidated subsidiaries and affiliates	4,443	3,130	25,262
Deferred income taxes (Note 7)	1,549	1,380	11,138
Other assets	2,968	4,022	32,462
Total investments and other assets	<u>11,001</u>	<u>27,243</u>	<u>219,879</u>
Translation adjustments	4,924	—	—
Total assets	<u>¥ 229,406</u>	<u>¥ 219,808</u>	<u>\$ 1,774,076</u>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2000	2001	2001
Liabilities and shareholders' equity			
Current liabilities:			
Short-term bank loans (<i>Note 4</i>)	¥ 13,330	¥ 15,010	\$ 121,146
Current portion of long-term debt (<i>Note 4</i>)	2,570	5,740	46,328
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliates	855	913	7,369
Trade	25,401	25,639	206,933
Construction	3,322	2,527	20,395
Accrued expenses	3,762	3,701	29,871
Accrued income taxes (<i>Note 7</i>)	447	427	3,446
Reserve for loss on restructuring	269	—	—
Other current liabilities	2,439	2,669	21,542
Total current liabilities	<u>52,395</u>	<u>56,626</u>	<u>457,030</u>
Long-term liabilities:			
Long-term debt (<i>Note 4</i>)	15,768	6,128	49,459
Deferred income taxes on land revaluation reserve (<i>Notes 7 and 8</i>)	285	570	4,600
Accrued retirement benefits (<i>Note 5</i>)	8,603	9,276	74,867
Guarantee deposits (<i>Note 4</i>)	1,474	5,051	40,767
Other long-term liabilities	646	598	4,827
Total long-term liabilities	<u>26,776</u>	<u>21,623</u>	<u>174,520</u>
Minority interests	13,550	11,278	91,025
Contingent liabilities (<i>Note 11</i>)			
Shareholders' equity (<i>Note 6</i>):			
Common stock, ¥ 50 par value:			
Authorized:			
March 31, 2000 - 781,945,000 shares			
March 31, 2001 - 772,439,000 shares			
Issued:			
March 31, 2000 - 212,317,086 shares	23,221	—	—
March 31, 2001 - 202,811,086 shares	—	23,221	187,417
Additional paid-in capital	23,611	23,612	190,573
Land revaluation reserve (<i>Note 8</i>)	393	544	4,390
Retained earnings (<i>Note 14</i>)	90,940	86,883	701,235
Translation adjustments	—	(1,905)	(15,375)
Treasury stock, at cost - 4,938,831 shares in 2000 and 6,864,571 shares in 2001	(1,480)	(2,074)	(16,739)
Total shareholders' equity	<u>136,685</u>	<u>130,281</u>	<u>1,051,501</u>
Total liabilities and shareholders' equity	<u>¥ 229,406</u>	<u>¥ 219,808</u>	<u>\$1,774,076</u>

See accompanying notes to consolidated financial statements.

Yodogawa Steel Works, Ltd.

Consolidated Statements of Income

Years ended March 31, 2000 and 2001

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2000	2001	2001
Net sales	¥ 153,991	¥ 153,863	\$1,241,832
Cost of sales	130,738	131,230	1,059,160
Gross profit	23,253	22,633	182,672
Selling, general and administrative expenses (Note 9)	19,810	19,786	159,694
Operating income	3,443	2,847	22,978
Other income (expenses):			
Interest and dividend income	613	576	4,649
Interest expense	(645)	(587)	(4,738)
Gain on sales of securities	2,744	991	7,998
Loss on revaluation of securities	(410)	(433)	(3,495)
Gain on sales of property, plant and equipment	170	2,301	18,571
Loss on disposal of property, plant and equipment	(337)	(187)	(1,509)
Equity in earnings (loss) of an affiliate	56	(164)	(1,324)
Loss on liquidation of a subsidiary	(1,266)	-	-
Provision for reserve for loss on restructuring	(269)	-	-
Gain on contribution of securities to employees' retirement benefit trust	-	1,627	13,132
Loss on restructuring	-	(725)	(5,851)
Net retirement benefit obligation at transition (Note 1(m))	-	(2,559)	(20,654)
Other, net	(1,002)	337	2,721
Income before income taxes and minority interests	3,097	4,024	32,478
Income taxes (Note 7):			
Current	1,121	600	4,843
Deferred	(271)	306	2,470
	850	906	7,313
Income before minority interests	2,247	3,118	25,165
Minority interests in earnings of consolidated subsidiaries	(600)	(771)	(6,222)
Net income	¥ 1,647	¥ 2,347	\$ 18,943
	<i>Yen</i>		<i>U.S. dollars (Note 2)</i>
Amounts per share:			
Net income	¥ 7.71	¥ 11.66	\$94

See accompanying notes to consolidated financial statements.

Yodogawa Steel Works, Ltd.

Consolidated Statements of Shareholders' Equity

Years ended March 31, 2000 and 2001

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	2000	2001	2001
Common stock			
Balance at beginning and end of the year	¥ 23,221	¥ 23,221	\$187,417
Additional paid-in capital			
Balance at beginning of the year	¥ 23,611	¥ 23,611	\$190,565
Add:			
Transfer from retained earnings	0	1	8
Balance at end of the year	¥ 23,611	¥ 23,612	\$190,573
Land revaluation reserve			
Balance at beginning of the year	¥ –	¥ 393	\$ 3,172
Net change during the year	393	151	1,218
Balance at end of the year	¥ 393	¥ 544	\$ 4,390
Retained earnings			
Balance at beginning of the year	¥ 91,923	¥ 90,940	\$733,979
Add:			
Net income	1,647	2,347	18,943
Cumulative adjustment arising from initial adoption of tax-effect accounting (Note 1(1))	1,745	–	–
Increase resulting from initial inclusion of subsidiaries in consolidation	1,199	–	–
Increase resulting from merger of a consolidated subsidiary	–	8	65
Deduct:			
Decrease resulting from initial inclusion of a subsidiary in consolidation	–	2,308	18,628
Cash dividends paid	1,507	1,416	11,429
Bonuses to directors and statutory auditors	77	67	541
Bonuses to employees of an overseas subsidiary	7	17	137
Transfer to additional paid-in capital	0	1	8
Retirement of treasury stock	3,983	2,603	21,009
Balance at end of the year	¥ 90,940	¥ 86,883	\$701,235
Translation adjustments			
Balance at beginning of the year	¥ –	¥ –	\$ –
Net change during the year	–	(1,905)	(15,375)
Balance at end of the year	¥ –	¥ (1,905)	\$ (15,375)

See accompanying notes to consolidated financial statements.

Yodogawa Steel Works, Ltd.

Consolidated Statements of Cash Flows

Years ended March 31, 2000 and 2001

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<u>2000</u>	<u>2001</u>	<u>2001</u>
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 3,097	¥ 4,024	\$ 32,478
Adjustments for:			
Depreciation and amortization	9,869	8,626	69,621
Amortization of goodwill arising from consolidation	(61)	(61)	(492)
Equity in (earnings) loss of an affiliate	(56)	164	1,324
Loss on revaluation of securities	410	429	3,462
Loss on liquidation of a subsidiary	1,266	—	—
Provision for reserve for loss on restructuring	269	—	—
Increase in accrued retirement benefits	295	633	5,109
Decrease in accrued bonuses	(84)	(201)	(1,622)
Increase (decrease) in allowance for doubtful receivables	898	(246)	(1,985)
Interest and dividend income	(613)	(576)	(4,649)
Interest expense	645	587	4,738
Gain on sales of securities	(2,744)	(991)	(7,998)
Gain on sales of property, plant and equipment	(170)	(2,301)	(18,571)
Loss on disposal of property, plant and equipment	246	107	864
Loss on restructuring	—	725	5,851
Net retirement benefit obligation at transition	—	459	3,705
Decrease (increase) in notes and accounts receivable	7,204	(2,320)	(18,725)
Increase in inventories	(1,191)	(400)	(3,228)
(Decrease) increase in notes and accounts payable	(7,278)	464	3,745
Payment of bonuses to directors, statutory auditors and employees of an overseas subsidiary	(84)	(84)	(678)
Other	526	(542)	(4,378)
Subtotal	<u>12,444</u>	<u>8,496</u>	<u>68,571</u>
Interest and dividends received	576	584	4,713
Interest paid	(649)	(638)	(5,149)
Payment for liquidation of a subsidiary	(1,206)	—	—
Payment for restructuring	—	(158)	(1,275)
Income taxes paid	<u>(2,792)</u>	<u>(638)</u>	<u>(5,149)</u>
Net cash provided by operating activities	<u>8,373</u>	<u>7,646</u>	<u>61,711</u>

Yodogawa Steel Works, Ltd.

Consolidated Statements of Cash Flows (continued)

Years ended March 31, 2000 and 2001

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 2)</i>
	<u>2000</u>	<u>2001</u>	<u>2001</u>
Cash flows from investing activities			
Payments for time deposits with a maturity of more than three months	¥ (7,745)	¥ (2,845)	\$ (22,962)
Proceeds from time deposits with a maturity of more than three months	8,291	4,545	36,683
Purchases of securities	(3,631)	(5,020)	(40,517)
Proceeds from sales of securities	7,295	5,987	48,321
Purchases of property, plant and equipment	(13,945)	(11,518)	(92,962)
Proceeds from sales of property, plant and equipment	239	2,564	20,694
Purchases of other assets	(57)	(31)	(250)
Increase in loans receivable	(1,230)	(101)	(815)
Collection of loans receivable	224	1,129	9,112
Other	–	30	242
Net cash used in investing activities	<u>(10,559)</u>	<u>(5,260)</u>	<u>(42,454)</u>
Cash flows from financing activities			
Increase in short-term bank loans	200	1,668	13,463
Issuance of long-term debt	400	1,100	8,878
Repayment of long-term debt	(439)	(940)	(7,587)
Redemption of bonds	–	(6,918)	(55,835)
Purchases of treasury stock	(3,983)	(2,603)	(21,009)
Cash dividends paid to the Company's shareholders	(1,507)	(1,416)	(11,429)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(585)	(851)	(6,868)
Net cash used in financing activities	<u>(5,914)</u>	<u>(9,960)</u>	<u>(80,387)</u>
Effect of exchange rate changes on cash and cash equivalents	(484)	205	1,655
Net decrease in cash and cash equivalents	<u>(8,584)</u>	<u>(7,369)</u>	<u>(59,475)</u>
Cash and cash equivalents at beginning of the year	37,442	31,578	254,867
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	2,720	104	839
Cash and cash equivalents at end of the year	<u>¥ 31,578</u>	<u>¥ 24,313</u>	<u>\$196,231</u>

See notes to consolidated financial statements.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements

March 31, 2001

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The accompanying consolidated financial statements of Yodogawa Steel Works, Ltd. (the "Company") and its consolidated subsidiaries have been prepared in accordance with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan, and have been compiled from those prepared by the Company as required under the Securities and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications of previously reported amounts have been made to the consolidated financial statements for the year ended March 31, 2000 to conform them to the 2001 presentation. Such reclassifications had no effect on consolidated net income or shareholders' equity.

(b) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries over which substantial control is exerted through either majority ownership of voting stock and/or by other means. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in affiliates (companies over which the Company has the ability to exercise significant influence) are stated at cost plus equity in their undistributed earnings or losses. Consolidated net income includes the Company's equity in the current net income or loss of such companies, after the elimination of unrealized intercompany profits.

All assets and liabilities of the consolidated subsidiaries are revalued on acquisition, if applicable. The difference, not significant in amount, between the cost of investments in subsidiaries and the equity in their net assets at the date of acquisition is amortized over a period of five years on a straight-line basis.

The financial statements of one consolidated subsidiary whose fiscal year end is December 31 have been included in consolidation on the basis of a full fiscal year after making the appropriate adjustments for significant transactions during the period from its fiscal year end to the Company's balance sheet date.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(c) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date. Other assets and liabilities denominated in foreign currencies are translated at their historical rates. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange loss and gain are charged or credited to income.

The balance sheet accounts of the foreign consolidated subsidiary (except for shareholders' equity) are translated into yen at the rates of exchange in effect at the balance sheet date. Components of shareholders' equity are translated at their respective historical rates of exchange. Revenue and expense accounts are translated into yen at the average rate of exchange in effect during the year.

Effective April 1, 2000, the Company and its domestic consolidated subsidiaries adopted a revised accounting standard for foreign currency translation. The effect of the adoption of this standard on the consolidated financial statements was immaterial for the year ended March 31, 2001.

Due to a change effective the year ended March 31, 2001 in the regulations relating to the presentation of translation adjustments, translation adjustments have been presented as a component of shareholders' equity and minority interests in consolidated subsidiaries (instead of as a component of assets or liabilities) in the accompanying consolidated financial statements for the year ended March 31, 2001.

(d) Cash Equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash on hand, deposits with banks withdrawable on demand, and short-term investments which are readily convertible to cash subject to an insignificant risk of changes in their value and which were purchased with an original maturity of three months or less.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(e) Securities

Up to the year ended March 31, 2000, marketable securities were primarily stated at the lower of cost or market, cost being determined by the moving average method.

Effective April 1, 2000, the Company and its consolidated subsidiaries adopted a new accounting standard for financial instruments which requires that securities be classified into three categories: trading securities, held-to-maturity debt securities or other securities. Under this standard, trading securities are carried at fair value and gain and loss, both realized and unrealized, are charged to income. Held-to-maturity debt securities are carried at their amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of shareholders' equity. Non-marketable securities classified as other securities are carried at cost.

As permitted under the new standard, the Company and its consolidated subsidiaries have postponed recording marketable securities classified as other securities at fair value to the year ending March 31, 2002. The following pro forma amounts represent the carrying value, fair value, unrealized holding gain (net of the applicable income taxes), and the deferred tax liability (the applicable income taxes on the unrealized holding gain) and minority interests, which would have been reflected in the consolidated balance sheet as of March 31, 2001 if marketable securities classified as other securities were carried at fair value:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Carrying value	¥ 21,106	\$170,347
Fair value	31,719	256,005
Unrealized holding gain	6,122	49,411
Deferred tax liability	4,457	35,973
Minority interests	34	274

As of April 1, 2000, the Company and its consolidated subsidiaries assessed their intent in holding their securities, classified them as "held-to-maturity debt securities" and "other securities," and accounted for the securities at March 31, 2001 in accordance with the new standard referred to above. As a result, securities of ¥17,215 million (\$138,943 thousand), which had been included in marketable securities at March 31, 2000, were reclassified to investments in securities as of April 1, 2000. The effect of the adoption of this standard for financial instruments was to increase income before income taxes and minority interests by ¥1,647 million (\$13,293 thousand).

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(f) Inventories

Inventories are stated at cost principally determined by the last-in, first-out method.

Inventories at the foreign consolidated subsidiary are stated at the lower of cost or market, cost being determined by the moving average method.

(g) Property, Plant and Equipment and Depreciation

Depreciation of property, plant and equipment is calculated by the declining-balance method over the useful lives of the respective assets, except that the straight-line method is applied to buildings (except for structures attached to the buildings) acquired subsequent to April 1, 1998.

Depreciation of property, plant and equipment at the foreign consolidated subsidiary is calculated by the straight-line method.

The useful lives adopted for calculating depreciation are principally as follows:

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	4 to 17 years

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

(h) Intangible Assets

Intangible assets are stated on the basis of cost. Amortization is calculated by the straight-line method over the useful lives of the respective assets.

(i) Allowance for Doubtful Receivables

Up to the year ended March 31, 2000, the Company and its domestic consolidated subsidiaries provided an allowance for doubtful receivables principally at an estimated aggregate amount of probable bad debts plus the maximum amount permitted to be charged to income under the Corporation Tax Law of Japan.

Effective April 1, 2000, the Company and its consolidated subsidiaries have adopted a new accounting standard for financial instruments. Under the new accounting standard, the Company and its consolidated subsidiaries have provided an allowance for doubtful receivables an amount calculated based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties. The aggregate effect of the adoption of the new standard is disclosed in Note 1(e), "Securities."

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(j) Research and Development Costs and Computer Software

Research and development costs are charged to income as incurred.

Expenditures relating to the development of computer software intended for internal use are charged to income when incurred, unless these are deemed to contribute to the generation of future income or cost savings. Such expenditures are capitalized as assets and amortized by the straight-line method over their estimated useful life of five years.

(k) Leases

The Company and its consolidated subsidiaries lease certain equipment under noncancelable leases referred to as finance leases. Finance leases other than those which transfer the ownership of the leased property to the lessee are accounted for as operating leases.

(l) Income Taxes

Up to the year ended March 31, 1999, deferred income taxes were not provided for timing differences in the recognition of income and expenses for financial and tax reporting purposes.

Effective April 1, 1999, the Company and its consolidated subsidiaries adopted tax-effect accounting for the interperiod allocation of income taxes. The cumulative effect of this change in method of accounting was reported as "Cumulative adjustment arising from initial adoption of tax-effect accounting" in the consolidated statement of shareholders' equity for the year ended March 31, 2000. The effect of this change was that deferred income taxes - current assets, deferred income taxes - non-current assets, deferred income taxes - non-current liabilities arising from land revaluation, and retained earnings at March 31, 2000 increased by ¥947 million, ¥1,549 million, ¥285 million, and ¥2,041 million, respectively, and net income for the year then ended increased by ¥296 million.

(m) Retirement Benefits

Employees of the Company and its consolidated subsidiaries are covered by an employees' retirement benefits plan and an employees' pension plan. The employees' retirement benefits plan provides for a lump-sum payment determined by reference to the basic salary, length of service and conditions under which the termination occurs. The employees' pension plan, which is a funded non-contributory plan, partially covers the benefits under the employees' retirement benefits plan to employees who retire after fifteen or more years of service.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(m) Retirement Benefits (continued)

Up to the year ended March 31, 2000, accrued retirement benefits were stated at the amount which would be required to be paid if all employees covered by the retirement benefits plan voluntarily terminated their employment at the balance sheet date, less the assets of the pension plan.

Effective April 1, 2000, the Company and the domestic consolidated subsidiaries have adopted a new accounting standard for retirement benefits. In accordance with this standard, accrued retirement benefits for employees at March 31, 2001 have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of March 31, 2001, as adjusted for unrecognized actuarial loss. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees. The net retirement benefit obligation at transition of ¥2,559 million (\$20,654 thousand) has been fully charged to income for the year ended March 31, 2001. The effect of the adoption of the new standard for retirement benefits was to decrease income before income taxes and minority interests by ¥1,133 million (\$9,144 thousand) for the year ended March 31, 2001.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized principally by the straight-line method over 10 years, which is within the estimated average remaining years of service of the eligible employees.

Prior service cost is being amortized as incurred by the straight-line method over 15 years, which is within the estimated average remaining years of service of the eligible employees.

The directors and statutory auditors of the Company and its domestic consolidated subsidiaries are customarily entitled to lump-sum payments under the unfunded retirement benefit plans. The provision for retirement benefits for directors and statutory auditors has been made at an estimated amount based on each Company's internal rules.

(n) Hedge Accounting

Under the new accounting standard for financial instruments effective April 1, 2000, gain or loss on derivatives designed as hedging instruments is deferred until the loss or gain on the underlying hedged item is recognized. Interest rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying debt and others. Receivables and payables hedged by forward foreign exchange contracts which meet certain conditions are translated at the corresponding foreign exchange contract rates.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

(o) Amounts Per Share

The computation of consolidated net income per share is based on the weighted average number of shares of common stock outstanding during each year.

2. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥123.90 = U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2001. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. Fair Value of Securities

Information with respect to the book and fair value of marketable securities included in current assets and investments in securities in investments and other assets at March 31, 2000 is summarized as follows:

	<i>Millions of yen</i>	
	<u>Book value</u>	<u>Fair value</u>
Marketable securities:		
Equity securities	¥ 16,392	¥ 39,164
Debt securities	401	418
Other securities	891	876
	<u>17,684</u>	<u>40,458</u>
Investments in securities:		
Equity securities	298	457
Debt securities	524	740
	<u>822</u>	<u>1,197</u>
	<u>¥ 18,506</u>	<u>¥ 41,655</u>

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Securities (continued)

Information regarding marketable securities classified as held-to-maturity debt securities at March 31, 2001 is summarized as follows:

	<i>Millions of yen</i>		
	Carrying value	Estimated fair value	Unrealized gain (loss)
Securities whose fair value exceeds their carrying value:			
Government bonds	¥ 26	¥ 28	¥ 2
Other	600	600	0
	<u>626</u>	<u>628</u>	<u>2</u>
Securities whose carrying value exceeds their fair value:			
Corporate bonds	500	487	(13)
Other	968	906	(62)
	<u>1,468</u>	<u>1,393</u>	<u>(75)</u>
Total	<u>¥ 2,094</u>	<u>¥ 2,021</u>	<u>¥ (73)</u>
	<i>Thousands of U.S. dollars</i>		
	Carrying value	Estimated fair value	Unrealized gain
Securities whose fair value exceeds their carrying value:			
Government bonds	\$ 210	\$ 226	\$ 16
Other	4,843	4,843	0
	<u>5,053</u>	<u>5,069</u>	<u>16</u>
Securities whose carrying value exceeds their fair value:			
Corporate bonds	4,036	3,931	(105)
Other	7,812	7,312	(500)
	<u>11,848</u>	<u>11,243</u>	<u>(605)</u>
Total	<u>\$16,901</u>	<u>\$16,312</u>	<u>\$(589)</u>

Sales of securities classified as other securities amounted to ¥2,910 million (\$23,487 thousand), with an aggregate gain of ¥991 million (\$7,998 thousand) and an aggregate loss of ¥125 million (\$1,009 thousand) for the year ended March 31, 2001.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Securities (continued)

Non-marketable securities classified as other securities at March 31, 2001 were as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Other securities:		
Non-marketable equity securities	¥ 1,053	\$ 8,499
Money management funds	2,845	22,962
Medium-term government bond funds	1,521	12,276
Free financial funds	4,705	37,974

The redemption schedule for held-to-maturity debt securities with maturities as of March 31, 2001 is summarized as follows:

	<i>Millions of yen</i>		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Government bonds	¥ 0	¥ 26	¥ 0
Corporate bonds	1,000	1,100	-
Other debt securities	1,310	377	25
Total	¥ 2,310	¥ 1,503	¥ 25

	<i>Thousands of U.S. dollars</i>		
	Due in one year or less	Due after one year through five years	Due after five years through ten years
Government bonds	\$ 0	\$ 210	\$ 0
Corporate bonds	8,071	8,878	-
Other debt securities	10,573	3,043	202
Total	\$18,644	\$12,131	\$202

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

4. Short-Term Bank Loans, Long-Term Debt and Guarantee Deposits

Short-term bank loans at March 31, 2000 and 2001 represented overdrafts and notes payable to banks. At March 31, 2000, overdrafts and notes payable to banks amounted to ¥ 12,530 million at an annual interest rate of approximately 0.74% and ¥ 800 million at an annual interest rate of approximately 1.4%, respectively. At March 31, 2001, overdrafts and notes payable to banks amounted to ¥ 14,160 million (\$114,286 thousand) at an annual interest rate of approximately 1.58%, and ¥ 850 million (\$6,860 thousand) at an annual interest rate of approximately 1.44%, respectively.

Long-term debt at March 31, 2000 and 2001 was as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2000	2001	2001
1.8% unsecured bonds, payable in yen, due 2003	¥ 5,000	¥ 5,000	\$ 40,355
2.0% unsecured bonds, payable in yen, due 2004	5,000	–	–
Unsecured loans from banks and an insurance company, due from 2001 through 2003, at interest rates ranging from 1.24% to 1.91%	6,708	6,868	55,432
6.3% unsecured bonds, payable in Taiwan dollars, due 2001	1,630	–	–
	<u>18,338</u>	<u>11,868</u>	<u>95,787</u>
Less current portion	<u>(2,570)</u>	<u>(5,740)</u>	<u>(46,328)</u>
	<u>¥ 15,768</u>	<u>¥ 6,128</u>	<u>\$ 49,459</u>

The aggregate annual maturities of long-term debt subsequent to March 31, 2001 are summarized as follows:

<u>Year ending March 31,</u>	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
2002	¥ 5,740	\$46,328
2003	5,228	42,195
2004	900	7,264
	<u>¥ 11,868</u>	<u>\$95,787</u>

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

4. Short-Term Bank Loans, Long-Term Debt and Guarantee Deposits (continued)

The assets pledged as collateral for short-term bank loans and other current liabilities at March 31, 2001 were as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Property, plant and equipment, at net book value	¥ 32,495	\$262,268
Investments in securities	50	404
	¥ 32,545	\$262,672

Guarantee deposits consisted principally of guarantee deposits from tenants at annual interest rates ranging from 1% to 4%. The aggregate annual maturities of guarantee deposits subsequent to March 31, 2001 are summarized as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Year ending March 31,		
2002	¥ 4	\$ 32
2003	4	32
2004	4	32
2005	4	32
2006	—	—
2007 and thereafter	5,035	40,639
	¥5,051	\$40,767

5. Retirement Benefits

The funded and accrued status of the employees' defined benefit plans of the Company and its domestic consolidated subsidiaries, and the amounts recognized in the consolidated balance sheet as of March 31, 2001 are summarized as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Retirement benefit obligation	¥ (15,336)	\$(123,777)
Plan assets at fair value	6,116	49,362
Unfunded retirement benefit obligation	(9,220)	(74,415)
Unrecognized actuarial loss	1,805	14,568
Unrecognized prior service cost	51	412
Net retirement benefit obligation	(7,364)	(59,435)
Prepaid pension cost	462	3,729
Accrued retirement benefits	¥ (7,826)	\$ (63,164)

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

5. Retirement Benefit (continued)

The components of retirement benefit expenses for the year ended March 31, 2001 are outlined as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Service cost	¥ 803	\$ 6,481
Interest cost	489	3,947
Expected return on plan assets	(163)	(1,315)
Amortization of net retirement benefit obligation at transition	2,559	20,654
Amortization of actuarial loss	6	48
Amortization of prior service cost	7	56
	<u>¥ 3,701</u>	<u>\$29,871</u>

The discount rate and expected rate of return on plan assets used as assumptions in accounting for the employees' retirement benefit plans as of March 31, 2001 were principally 2.5% and 4.5%, respectively. The discount rate assumed at April 1, 2000 was 3.5%.

At March 31, 2001, the Company and its domestic consolidated subsidiaries recorded ¥1,450 million (\$11,703 thousand) of accrued retirement benefits to directors and statutory auditors.

6. Shareholders' Equity

The Commercial Code of Japan provides that an amount equivalent to at least 10% of cash dividends paid and bonuses to directors and statutory auditors, and exactly 10% of interim cash dividends paid be appropriated to the legal reserve until such reserve equals 25% of stated capital. The Code also provides that neither additional paid-in capital nor the legal reserve is available for dividends but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to stated capital by resolution of the Board of Directors. The Company's legal reserve, which is included in retained earnings, amounted to ¥3,250 million and ¥3,402 million (\$27,457 thousand) as of March 31, 2000 and 2001, respectively.

7. Income Taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 42.0% for the years ended March 31, 2000 and 2001.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

7. Income Taxes (continued)

A reconciliation of the statutory tax rate and the effective tax rates for the years ended March 31, 2000 and 2001, as a percentage of income before income taxes and minority interests, is as follows:

	2000	2001
Statutory tax rate	42.0%	42.0%
Investment tax credits	(18.5)	(10.2)
Non-taxable income	(5.8)	(3.5)
Excess allowance for doubtful receivables	13.0	-
Unrecognized deferred tax assets arising from tax loss carryforward of subsidiaries	2.7	(15.5)
Differences in tax rates applicable to foreign subsidiaries	(12.2)	(7.6)
Cash dividends received from foreign subsidiaries	6.1	3.8
Other	2.8	13.5
Effective tax rates	30.1%	22.5%

Deferred income taxes reflect the tax effect of the temporary differences between the amounts of the assets and liabilities recorded for financial and tax reporting purposes. The significant components of the deferred tax assets and liabilities of the Company and its consolidated subsidiaries as of March 31, 2000 and 2001 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2000	2001	2001
Deferred tax assets:			
Accrued retirement benefits	¥ 2,138	¥ 2,427	\$ 19,588
Investment tax credits	288	452	3,648
Allowance for doubtful receivables	523	528	4,262
Depreciation	200	201	1,622
Other	795	767	6,191
Gross deferred tax assets	3,944	4,375	35,311
Less valuation allowance	(485)	(618)	(4,988)
Total deferred tax assets	3,459	3,757	30,323
Deferred tax liabilities:			
Land revaluation reserve	(285)	(570)	(4,600)
Reserve for deferred taxation on contributions for acquisition of property	(963)	(1,546)	(12,478)
Differed tax liabilities	(1,248)	(2,116)	(17,078)
Net deferred tax assets	¥ 2,211	¥ 1,641	\$ 13,245

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

7. Income Taxes (continued)

Net deferred tax assets as of March 31, 2001 are classified as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Current assets	¥ 831	\$ 6,707
Noncurrent assets	1,380	11,138
Noncurrent liabilities	(570)	(4,600)
	¥ 1,641	\$13,245

8. Revaluation of Land

At March 31, 2000, Hakuyo Sangyo Co., Ltd., a domestic consolidated subsidiary, revalued its land held for business use in accordance with the “Law on Land Revaluation.” Differences on the land revaluation have been accounted for as land revaluation reserve under shareholders’ equity at the net amount of the tax effect and the allocation to minority interests. The method followed for this land revaluation was determined in accordance with the “Enforcement Act Concerning Land Revaluation.”

The carrying value of this land before and after the revaluation was as follows:

	<i>Millions of yen</i>
As of March 31, 2000:	
Carrying value before revaluation	¥ 1,019
Carrying value after revaluation	2,375

As of March 31, 2001, the carrying value of ¥2,375 million (\$19,169 thousand) exceeded the fair value by ¥ 162 million (\$1,308 thousand).

9. Research and Development Costs

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2000 and 2001 were as follows:

<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
2000	2001	2001
¥ 679	¥ 696	\$5,617

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

10. Leases

The following pro forma amounts present the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2000 and 2001, which would have been reflected in the balance sheets if finance leases other than those which transfer the ownership of the leased property of the Company and its consolidated subsidiaries (which are currently accounted for as operating leases) were capitalized:

	<i>Millions of yen</i>					
	2000			2001		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 544	¥ 264	¥ 280	¥ 606	¥ 359	¥ 247
	<i>Thousands of U.S. dollars</i>					
	2001					
	Acquisition costs	Accumulated depreciation	Net book value			
Machinery, equipment and vehicles	\$4,891	\$2,897	\$1,994			

The related lease payments and depreciation for the years ended March 31, 2000 and 2001 were as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	2000	2001	2001
Lease payments	¥ 100	¥ 119	\$960
Depreciation	100	119	960

Depreciation is calculated by the straight-line method over the respective lease terms.

The related future minimum payments (including the interest portion thereon) subsequent to March 31, 2001 under finance leases other than those which transfer the ownership of the leased property to the Company and its consolidated subsidiaries are summarized as follows:

<u>Year ending March 31,</u>	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
2002	¥ 99	\$ 799
2003 and thereafter	148	1,195
	<u>¥ 247</u>	<u>\$1,994</u>

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

11. Contingent Liabilities

As of March 31, 2001, the Company and its consolidated subsidiaries had the following contingent liabilities:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Guarantees of housing loans of employees and indebtedness of unconsolidated subsidiaries	¥ 214	\$ 1,727
Trade notes receivable discounted with banks	1,999	16,134
Contingent liability for an in-substance defeasance on bonds	5,002	40,371

12. Derivatives

The Company and its consolidated subsidiaries have entered into various transactions involving derivatives in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates and interest rates. Derivatives positions involve the risk that the counterparties may default on their obligations. Forward foreign exchange contracts and interest rate swaps entail the risk of fluctuations in foreign currency exchange rates and interest rates, respectively. The Company and its consolidated subsidiaries select only financial institutions with high credit ratings as counterparties in order to minimize their risk.

The Company and its consolidated subsidiaries have not entered into derivatives transactions whose fluctuation in fair value is material and which could thus impact significantly on their operations. The Company and its consolidated subsidiaries have established policies to report and approve the purpose, nature, counterparties, inherent risk, limit on loss and the level of risk of each transaction. Under their derivatives policies, trading in derivatives is not entered into for speculative purposes.

At March 31, 2000, no such contracts or positions remained open. At March 31, 2001, all derivatives transactions qualified for the application of deferral hedge accounting and have not been separately disclosed.

13. Segment Information

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of a variety of steel products such as steel sheets, construction materials, prefabricated structures, home furnishings, steel rolls and billets, and gratings. The Company also engages in other activities such as real estate rental and engineering projects.

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

13. Segment Information (continued)

The business and geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2000 and 2001 are outlined as follows:

Business Segments

<i>Millions of yen</i>						
Year ended March 31, 2000						
	Steel sheet products	Electric furnace products	Other	Total	Elimina- tions and general corporate assets	Consoli- dated
I. Sales and operating income						
Sales to third parties	¥ 136,700	¥ 11,705	¥ 5,586	¥ 153,991	¥ –	¥ 153,991
Intergroup sales and transfers	1	–	12,180	12,181	(12,181)	–
Total sales	136,701	11,705	17,766	166,172	(12,181)	153,991
Operating expenses	132,969	12,047	16,732	161,748	(11,200)	150,548
Operating income (loss)	¥ 3,732	¥ (342)	¥ 1,034	¥ 4,424	¥ (981)	¥ 3,443
II. Assets, depreciation and capital expenditures						
Total assets	¥ 129,237	¥ 12,750	¥ 21,735	¥ 163,722	¥ 65,684	¥ 229,406
Depreciation	8,548	801	412	9,761	113	9,874
Capital expenditures	12,224	159	442	12,825	166	12,991
 <i>Millions of yen</i>						
Year ended March 31, 2001						
	Steel sheet products	Electric furnace products	Other	Total	Elimina- tions and general corporate assets	Consoli- dated
I. Sales and operating income						
Sales to third parties	¥ 132,979	¥ 10,423	¥ 10,461	¥ 153,863	¥ –	¥ 153,863
Intergroup sales and transfers	0	4	7,069	7,073	(7,073)	–
Total sales	132,979	10,427	17,530	160,936	(7,073)	153,863
Operating expenses	130,565	10,165	16,374	157,104	(6,088)	151,016
Operating income (loss)	¥ 2,414	¥ 262	¥ 1,156	¥ 3,832	¥ (985)	¥ 2,847
II. Assets, depreciation and capital expenditures						
Total assets	¥ 135,672	¥ 11,998	¥ 22,032	¥ 169,702	¥ 50,106	¥ 219,808
Depreciation	7,420	536	555	8,511	115	8,626
Capital expenditures	20,448	213	825	21,486	142	21,628

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

13. Segment Information (continued)

Business Segments (continued)

<i>Thousands of U.S. dollars</i>						
Year ended March 31, 2001						
	Steel sheet products	Electric furnace products	Other	Total	Elimina- tions and general corporate assets	Consoli- dated
I. Sales and operating income						
Sales to third parties	\$1,073,277	\$84,124	\$ 84,431	\$1,241,832	\$ –	\$1,241,832
Intergroup sales and transfers	0	32	57,054	57,086	(57,086)	–
Total sales	1,073,277	84,156	141,485	1,298,918	(57,086)	1,241,832
Operating expenses	1,053,793	82,042	132,155	1,267,990	(49,136)	1,218,854
Operating income (loss)	<u>\$ 19,484</u>	<u>\$ 2,114</u>	<u>\$ 9,330</u>	<u>\$ 30,928</u>	<u>\$ (7,950)</u>	<u>\$ 22,978</u>
II. Assets, depreciation and capital expenditures						
Total assets	\$1,095,012	\$96,836	\$177,821	\$1,369,669	\$404,407	\$1,774,076
Depreciation	59,887	4,326	4,479	68,692	929	69,621
Capital expenditures	165,036	1,719	6,659	173,414	1,146	174,560

Geographical Segments

<i>Millions of yen</i>					
Year ended March 31, 2000					
	Japan	Southeast Asia	Total	Elimina- tions and general corporate assets	Consolidated
I. Sales and operating income					
Sales to third parties	¥ 122,955	¥ 31,036	¥ 153,991	¥ –	¥ 153,991
Interarea sales and transfers	4,797	–	4,797	(4,797)	–
Total sales	127,752	31,036	158,788	(4,797)	153,991
Operating expenses	126,387	28,958	155,345	(4,797)	150,548
Operating income	<u>¥ 1,365</u>	<u>¥ 2,078</u>	<u>¥ 3,443</u>	<u>¥ –</u>	<u>¥ 3,443</u>
II. Assets					
	<u>¥ 150,040</u>	<u>¥ 23,735</u>	<u>¥ 173,775</u>	<u>¥ 55,631</u>	<u>¥ 229,406</u>

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

13. Segment Information (continued)

Geographical Segments (continued)

<i>Millions of yen</i>					
Year ended March 31, 2001					
	Japan	Southeast Asia	Total	Eliminations and general corporate assets	Consolidated
I. Sales and operating income					
Sales to third parties	¥ 123,326	¥ 30,537	¥ 153,863	¥ –	¥ 153,863
Interarea sales and transfers	575	–	575	(575)	–
Total sales	123,901	30,537	154,438	(575)	153,863
Operating expenses	122,621	28,970	151,591	(575)	151,016
Operating income	¥ 1,280	¥ 1,567	¥ 2,847	¥ –	¥ 2,847
II. Assets	¥ 153,483	¥ 26,119	¥ 179,602	¥ 40,206	¥ 219,808
<i>Thousands of U.S. dollars</i>					
Year ended March 31, 2001					
	Japan	Southeast Asia	Total	Eliminations and general corporate assets	Consolidated
I. Sales and operating income					
Sales to third parties	\$ 995,367	\$246,465	\$1,241,832	\$ –	\$1,241,832
Interarea sales and transfers	4,641	–	4,641	(4,641)	–
Total sales	1,000,008	246,465	1,246,473	(4,641)	1,241,832
Operating expenses	989,677	233,818	1,223,495	(4,641)	1,218,854
Operating income	\$ 10,331	\$ 12,647	\$ 22,978	\$ –	\$ 22,978
II. Assets	\$1,238,765	\$210,807	\$1,449,572	\$ 324,504	\$1,774,076

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

13. Segment Information (continued)

Geographical Segments (continued)

As described in Note 1(m), the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for retirement benefits effective April 1, 2000. The effects of this adoption on the above segment information for the year ended March 31, 2001 are summarized as follows:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
By business segment:		
Decrease in operating income in “steel sheet products” segment	¥ 112	\$ 904
Decrease in operating income in “electric furnace products” segment	44	355
Decrease in operating income in “other” segment	45	363
By geographic area:		
Decrease in operating income in “Japan” area	¥ 201	\$1,622

	<i>Millions of yen</i>		
	Year ended March 31, 2000		
	Asia	Other	Total
Overseas sales	¥ 29,590	¥ 7,793	¥ 37,383
Consolidated net sales			153,991
Overseas sales as a percentage of consolidated net sales	19.2%	5.1%	24.3%

	<i>Millions of yen</i>		
	Year ended March 31, 2001		
	Asia	Other	Total
Overseas sales	¥ 25,224	¥ 11,576	¥ 36,800
Consolidated net sales			153,863
Overseas sales as a percentage of consolidated net sales	16.4%	7.5%	23.9%

	<i>Thousands of U.S. dollars</i>		
	Year ended March 31, 2001		
	Asia	Other	Total
Overseas sales	\$203,584	\$93,430	\$ 297,014
Consolidated net sales			1,241,832

Yodogawa Steel Works, Ltd.

Notes to Consolidated Financial Statements (continued)

14. Subsequent Event

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2001, were approved at a shareholders' meeting held on June 28, 2001:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Cash dividends of ¥ 3.5 (\$0.03) per share	¥ 710	\$5,730
Transfer to legal reserve	76	613
Bonuses to directors and statutory auditors	50	404