新しい時代を元気にします

Empower for new days

Annual Report 2004

For the year ended March 31, 2004

MEIDENSHA CORPORATION

Profile

Ever since its founding in 1897, Meidensha Corporation has been working on the relentless pursuit of new technology and product developments and witnessed steady growth. Our product offerings cover a wide area, such as generators, substation equipment, electronic equipment and information equipment. Our mission is not only to provide these products but also to recommend the best solutions on the basis of what a customer values best. In order to realize these best solutions, we engage in the supply of various products and provide related services such as engineering, facility management (including operation and maintenance), repair and product-life support.

Contents

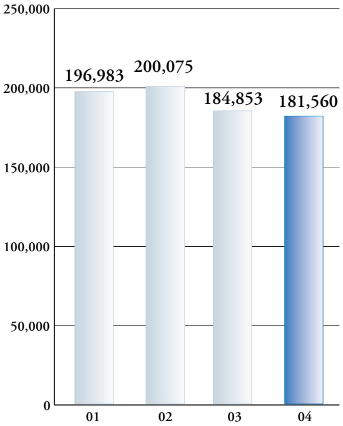
FINANCIAL HIGHLIGHTS

Years ended March 31

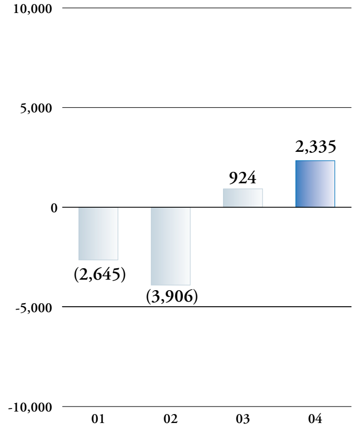
	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Net Sales	¥181,560	¥184,853	¥200,075	$1,712,830
Net Income (Loss)	2,335	924	(3,906)	22,028
Net Income (Loss) Per Share (yen, U.S. dollars)	10.14	4.58	(19.34)	0.10
Cash Dividends Paid	—	—	—	—
Total Assets	194,163	197,140	205,221	1,831,726
Number of Employees	7,278	7,465	7,622	—

The consolidated figures in this Annual Report are expressed in yen and solely for the convenience of the reader, translated into United States dollars at the rate of ¥106 = U.S.$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2004. See Note 1 to Consolidated Financial Statements.

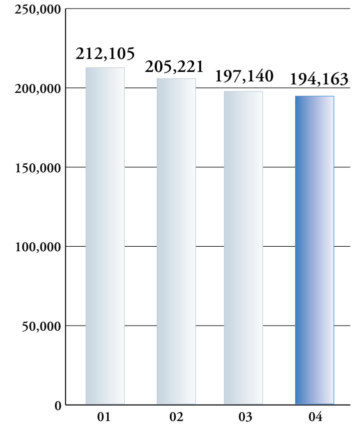
Net Sales (¥ millions)



Net Income (Loss) (¥ millions)



Total Assets (¥ millions)



Message from Management

During fiscal 2003, the Japanese economy showed that exports and capital investment increased substantially as a result of economic recovery in the United States and rapid growth of Chinese economy, but personal consumption was still sluggish because of continuing deflation and record low temperature summer. Further reduction of public investment continued. Given these factors, a full-fledged economic recovery cannot be seen in fiscal 2003.

Under these economic conditions, Meidensha Corporation made vigorous across-the-board efforts to boost sales. However, sales for fiscal 2003 were 181,560 million yen (consolidated basis), or 1.8 % lower than those in the previous fiscal year.

We made company-wide efforts to cut expenses, reduce costs, and raise productivity. As a result of these efforts, income before income tax and minority interests was 4,216 million yen (consolidated basis) and net income was 2,334 million yen (consolidated basis).

A year-end dividend of 3 yen per share was declared, the first time a dividend has been declared in six fiscal years after an interim dividend was declared in fiscal 1997.

Under these circumstances, the Company continues to implement the medium-term management plan, "Challenge and Create Plan" adopted in July 2003. The basic principle of this plan is to divide the 10 years (fiscal 2003 - fiscal 2013) into three stages: (1) "Revamping Business Model Phase", (2) "Accelerating Growth Phase" and (3) "High Growth Phase". This fiscal year belongs to 1st stage, "Revamping Business Model Phase" under which we mapped out the specific policies to be implemented during the three years (fiscal 2003 - fiscal 2005) to address the challenges. The Challenge and Create Plan sets as goals: "Maximizing Corporate Value and Revamping the Business Models" and adopts the following three fundamental policies to achieve those goals.

(1) Realize early the elimination of carry-over losses, resume dividends and maximize the corporate value through reinforcement of the financial strength.

(2) Reinforce new product and technology development and carry out the product portfolio review and re-alignment of the existing products.

(3) Create "a vibrant MEIDEN Group" by across-the-board group-wide efforts.

In order to put the medium-term management plan on the solid ground, we promote the positive integration of the resources of former Meiden Engineering Co., Ltd. merged in April 2003 with a view to producing the synergy effects as soon as possible.

In addition, in April 2004 the Energy Business Group and the Environmental Solutions Business Group were merged into one group: "Social Infrastructure Systems Business Group" as a part of our organizational streamlining efforts. By this reorganization, we aim to increase the market competitiveness and orders by strengthening engineering competences in these business sectors.

We established a joint venture surge arrester company, MSA Co., Ltd., with ABB Ltd. of Switzerland in April, 2004. This establishment of new company underlines our continuous efforts in promoting the alliance and introduction of new technology with other companies as in the case of a transmission and distribution business joint venture, Japan AE Power Systems Corporation, with Hitachi Ltd. (NYSE: HIT) and Fuji Electric Co., Ltd. (TSE: 6504) in 2000. We aim to strengthen our development of new products and technologies through such joint undertaking.

To strengthen our overseas business operations, we established Meiden America, Inc. in the United States in July 2003 and Shanghai Meiden Semiconductor Co., Ltd. in August 2003. We also established Meiden Asia Pte., Ltd. in April 2004 as a holding company of our subsidiary companies in the Southeast Asian countries. Going forward, we will strengthen our business strategies around these world markets by utilizing these new and existing our overseas group companies.

In addition, we concluded a basic contract with World Trade Center Building, Inc. ("WTC"), a Tokyo-based company, in January 2004 to construct an office and commercial building by 2007 as a joint business with WTC. This new building will make use of the vacant lot of our former plant premise in Shinagawa-ku, Tokyo. The details of this project will be worked out with WTC later. Our Company will work on this project to effectively utilize the land by which it will greatly contribute to the financial health of our Company.

The medium-term management plan calls for improvements in capital efficiency and our financial strength through further reductions in liabilities. It also seeks new business creation and improvement of business strength by reviewing and re-aligning of the existing business models. According to this plan, we will keep focusing on our core business by devoting our management resources to improve the profitability.

We ask every shareholder as well as our customers and business partners to give us your continued guidance and support.

Shigeo Seko

Shigeo Seko, Chairman

K. Kataoka

Keiji Kataoka, President

Energy Sector

In order to reduce the volume of carbon dioxide emission, we are promoting the use of renewable energy and the development of energy saving technologies. We also provide products and systems using these technologies that help solve our customers' problems.

We have delivered wind power systems to Akita Citizens Wind Power Station and to Windterra Wind Power Station in Aino-cho, Nagasaki Prefecture. We have also started a wind farm business under which we sell electricity from our wind power systems in Choshi-city to electric utility.

With respect to electric power solutions, we have increased orders for the power conditioner systems (PCS) using the sodium-sulfur (NAS) battery.

Concerning new products, we developed electric double layer capacitors (EDLC) called "M-CAP". EDLC is a type of electric power storage product. Since it is free from heavy metals unlike the batteries, it does not require waste disposal. In addition, compared to batteries, EDLC has faster charging and discharging characteristics compared with the batteries. By taking advantage of this feature, we have developed and marketed products that can supply power to prevent the power interruption by discharging the stored electric energy in the capacitor in the event of a short period power outage. Our EDLC is available in two types to prevent power interruptions for two or 60 seconds with capacities from 50 kVA to 2,000 kVA.

We have received an increased orders for rehabilitation work for traction substation and substations at hydroelectric power stations.

Regarding a noteworthy topic, we began a joint venture company for surge arrester business with ABB Ltd. of Switzerland by establishing MSA Co., Ltd. in April 2004.

Wind Power System in Choshi-city, Chiba Prefecture

PCS for NAS Batteries

Transformer for Traction Substation

Electric Double Layer Capacitor, M-CAP

Environment Sector

Chaos Theory-based Demand Predictive Controller & OPS6000

Meidensha Corporation is promoting the solutions business that offers effective use of energy and efficient management of waterworks and sewerage treatment facilities. With respect to the effective use of energy, we received orders for electric energy storage systems that use 2000 kW sodium-sulfur (NAS) batteries. These devices contributed to reductions in power consumption and environment impact.

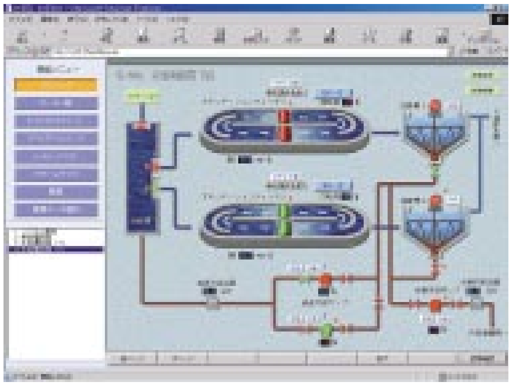
In the environmental protection areas, we received an order for a system that dries and carbonizes the sludge generated by sewage treatment plant.

In the supervisory control technology field, we have developed a supervisory control system called "MEISVY-VS" that can monitor and control multiple sewage processes and water supply facilities together using Web technologies.

We have also developed a simulator for analyzing the water treatment processes in sewage treatment plants. The simulator is able to produce a simulation of high-precision water treatment processes taking place in the water treatment plant. By using this simulator, it is possible to optimize the control, operation and maintenance for sewage treatment facilities.

With respect to the waterworks field, we developed an efficient operation system for the process facilities and equipment for water intake, water supply and water distribution. This operation is optimized based on the necessary water volume forecast of the coming hourly demand of the given day (such as the coming 1, 2, 3 hours, up to about coming 10 hours) by applying the chaos theory.

We have also commercialized a deodorization product, "Pureleaf", that uses a photocatalytic system.



MEISVY-VS2000 Web Control Screen

Deodorization Product, Pureleaf

Info and Communications Sector

Embedded Controller, μPIBOC-C2

Switching Hub, MEISWAY SW2000

Meidensha Corporation is developing highly reliable information and communications equipment and promoting IT technology-based solutions business.

New information equipment includes μPIBOC-I model 800 industrial controller, μPIBOC-C2, and DeviceNet I/O slave module communications board for the semiconductor manufacturing market.

In the communications field, we developed and commercialized an industrial switching hub (SW2000), multi-function router (SEIL/Turbo and SEIL/neu2FE plus), and an integrated global positioning system (GPS) platform (iiGPS) for high level location positioning detection.

In the IT-related field, we developed a solution using a new geographic information system (GIS) platform (J-STIMS) that combines spatio-temporal information management software with base maps.

Concerning wholesale market information systems, we developed the Web-based networking solutions and handy terminals to be used for wholesale-flowermarket information system and wholesale fresh fruit market information system.

In the software field, we developed for the commercialization of XML (Extensible Markup Language) middleware products that fulfill the needs for information sharing and increased operational efficiency.

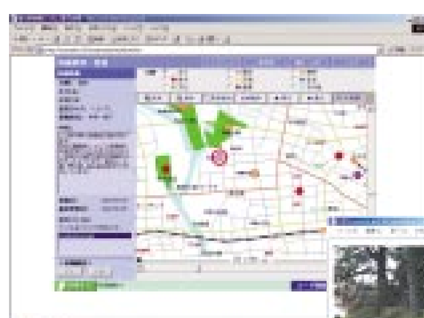
Wholesale-Flowermarket Information System

Auction Room

View of a Wholesale-Flowermarket Office

Spatio-Temporal Information Management System, J-STIMS

Information Detail Window



Attached File Window

Industrial Systems Sector

Computer System, MEIDACS-DY6000P

Meidensha Corporation is developing the electromotive power application and logistics solutions businesses. In the electromotive power application field, due to the demand increase for machinery such as spinning machine for synthetic fiber and injection molding machine, we increased the shipment of related products such as permanent magnet-type synchronous motors (PM motors), inverters, and the variable speed systems combining PM motors and inverters. Our variable speed systems are also being used in elevator and dynamometer systems.

Shipments of AC motors and inverters for forklifts increased as there is a marked migration to the electric forklifts.

In the logistics field, we commercialized and supplied an automated guided vehicle which uses laser guiding method.

With regard to dynamometers, we developed and delivered a virtual reality system (VRS) that simulates the performance characteristics of the car mainbody and engine. This simulation capability greatly shorts the development period as it allows engineers to gain vehicle characteristics before conducting the real-life testing.

Battery Controller for Elevator

Electric Machine for Synthetic Fiber

PM Motor 100 Series

THYFREC-VT630MS

AGV for Medical Supplies

Medical and Welfare Sector

We are shifting our focus of marketing from the stand alone product sales (such as medical accounting systems and electronic charts system) to integrated system product sales. We have also developed an integrated system to support medical clinics going digital. This system provides solutions to integrate three functions (the medical accounting, electronic charts system, simplified order entry system) into one package. This system allows databases to be shared among the various departments in the medical clinic. A key feature of the system is the use of dual monitor clinical station showing extensive information through windows in real time.

Dual Monitor Small and Medium-sized Hospital System

Maintenance Sector

We are offering equipment life diagnosis services to thefacilities and by giving the proper facility maintenance, it allows the facility owner to extend the equipment life. In addition, we are providing another solutions business by offering energy saving diagnosis services to realize the energy consumption volume reduction. We are also accepting orders under which we provide outsourcing service for the operation and maintenance of non-MEIDEN products and facilities.

At the same time, we are developing a remote maintenance system that performs facility maintenance through the communication network such as Internet, etc.

With regard to engineering service for the semiconductor manufacturing systems, we established Shanghai Meiden Semiconductor Co., Ltd. (SMS) in China and have started SMS-based remanufacturing, maintenance and repair services for pre-owned semiconductor manufacturing systems.

Rotating Machine Insulation Diagnosis Car

Shanghai Meiden Semiconductor Co., Ltd.

Overseas Operations

Manila Line No.2

In the first half of fiscal 2003, the global economy faced the negative impact of war in Iraq and the lung disease, SARS. However, in the second half of fiscal 2003, a moderate recovery of the global economy took place due to the accelerated economic growth in the United States and China. The Asian Market, which is Meidensha Corporation's major market, showed steady economic recovery, despite the foregoing negative effects, spurred on by exports and private consumption.

The US power sector still faces weaker market demand for new power plants as there is uncertainty over wholesale power prices and the overbuilding of plants during the past five (5) years of a power generation "bubble" period.

The automotive market in the US, which has a major influence on sales of dynamometer systems, saw weak sales in the first half of fiscal 2003 as the economy and employment outlook were still relatively weak. During the second half of the same year, however, sales was strong reflecting the improved economic conditions. In order spur sales, the major automobile manufacturers offered various incentive programs, including cash rebates, cut-rate financing and a lease program, which contributed to the fiscal 2002 level of 16 million car sales.

The major orders received in fiscal 2003 were as follows:

In the field of electric railway substations, we received orders for traction substations from Civil Aviation Authority Singapore in Singapore and Metro Rail Transit Corporation in The Philippines.

In the power generation field, GE Aero Energy Products in Texas placed orders for four generators for GE LM6000 gas turbines, and Hitachi placed orders for three generators for H-25 gas turbines.

In the North American market, the major Japanese automobile manufacturers placed orders for dynamometer systems for engine testing, and we also received an order for a transmission tester from a Japanese automaker for use in its technical center.

The major products manufactured and shipped during fiscal 2003 were as follows:

In the field of electric railway substations, we supplied and installed traction substations for Metro Manila 2 Line Project in The Philippines. President Arroyo of The Philippines formally inaugurated the depot in May 2003. We also shipped traction substations for the Taiwan High Speed Train Project ("Taiwan Shinkansen Project") of Taiwan High Speed Rail Corporation.

In the dynamometer field for North America, we supplied and installed engine dynamometer systems for the major Japanese auto transplants and an ultra- low-inertia dynamic transmission test system for a Japanese auto transplant. An engine-driven transmission test system for a Japanese automaker's technical center was also supplied and installed.

In the Asian market for automobile dynamometers, we supplied many dynamometer systems to the major automobile manufacturers in Korea, Taiwan and Thailand.

Noteworthy events in our overseas operations were the establishment of two companies in the U.S. and China. One is Meiden America, Inc., established in July 2003 in Detroit for the marketing, repair and maintenance of dynamometer systems, etc. in North America. The other is Shanghai Meiden Semiconductor Co. Ltd. established in August 2003 in Shanghai for the remanufacturing of pre-owned semiconductor manufacturing systems and related repair and maintenance services in China. We also acquired the dynamic voltage compensator manufacturing company, SP Systems Pte. Ltd., Singapore from Singapore Power Pte. Ltd., Singapore in February 2004.

PCDY2
Permanent magnet type dynamometer for automatic transmission testing

R&D Review

Development of Electric Double Layer Capacitor (EDLC) Type of Dynamic Voltage Compensator

Among the features of EDLC is the ability to with stand repeated charging and discharging and to deliver a high output and their easy maintenance. As an application utilizing these features, we have developed an uninterruptible power supply system with a compensation time of 2 seconds and 50 kVA capacity as a joint project with Chubu Electric Power Co. Table 1 lists the specifications of the compensation unit, and Fig.1 shows the exterior of the beta model for field testing.

In addition to cutting maintenance costs by employing capacitors (Fig.2), the compensation unit reduces operating costs by enabling a high level of efficiency to be achieved during commercial operation by using a normally "on" commercial power supply system. Once we have completed the field testing, we will enhance the product offerings and embark on commercialization.

Fig. 1 Exterior of Beta Model for Field Testing

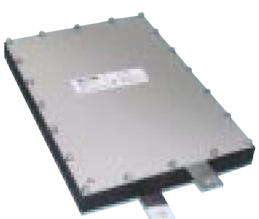


Fig. 2 Exterior of Capacitor Unit

Table 1 Specifications of Capacitor-type of Dynamic Voltage Compensator

Item	Equipment specification
Capacity, compensation time	50 kVA, 2 seconds
Input/output	AC voltage 3-phase 210V (can be set in the 200-220V range)
Circuit system	Normally "on" power supply system
Switching time when power fails	Switching without instantaneous shutdown (switching time: less than 0.002 sec)
Efficiency	More than 97% (during commercial operation)
Storage system	Electric double-layer capacitors
Dimensions, mass	W1,800 x H2,000 x D800 mm, 1,600 kg
Ambient environment	Installation location: Indoors
Temperature range:	0 to +40℃

Development of High-Purity Continuous Ozone Generator

As a joint research with General Research Insti tute for Industries and Technologies (Sansoken), we are currently working on the development of a high-purity continuous ozone generator, which can be applied to the semiconductor mass production processes. Fig. 3 shows the exterior of our prototype generator (size: W1,340 × H1,892 × D940 mm). By switching between four liquefaction vessels in sequence, it is possible to generate high-purity ozone continuously at a flow rate of 60 sccm. The ozone generator incorporates fail-safe safety functions and sequencer-based automatic operating functions. These functions commercialized in fiscal 2002 and established by the compact unit for research. Drawing on the past experiences, we will further reduce the dimensions and improve the performance and moving ahead with plans to design it into mass production process equipment.

Fig. 3 Exterior of Pure Ozone Generator

Financial Section

Consolidated Financial Review

Outline of Profits and Losses

During fiscal 2003, the Japanese economy showed marked increases in exports and capital investment as a result of economic recovery in the United States and a rapid growth in the Chinese economy. However, due to continuing deflation, record low summer temperatures, and job insecurity, personal consumption remained sluggish. In addition, public investment continued to decline. Given these factors, a full-fledged economic recovery was not realized in fiscal 2003.

Net sales totaled 181,560 million yen, a 1.8% decrease over the previous term. Business sector-based net sales stood at 26.3% for the Energy Sector, 26.3% for the Environment Sector, 11.7% for the Info and Communications Sector, 18.1% for the Industrial Systems Sector, and 17.6% for Others.

The cost of sales totaled 141,187 million yen, a 2.7% decrease over the previous term. Selling, general and administrative expenses totalled 35,068 million yen, a 3.5% decrease. Operating income, therefore, stood at 5,305 million yen.

The final result was a net income of 2,335 million yen for this term.

Financial Conditions

Total assets at the end of March 2004 amounted to 194,163 million yen, a decrease of 2,977 million yen. As a result of decreased trade accounts and deferred income taxes, current assets stood at 114,864 million yen, a decrease of 7,297 million yen. Property, plant and equipment amounted to 43,215 million yen, an increase of 2,809 million yen. Total current liabilities amounted to 111,476 million yen, a decrease of 17,084 million yen, and shareholders' equity stood at 47,769 million yen, an increase of 10,942 million yen. As a result, the shareholder capital ratio increased 5.9 points from 18.7% to 24.6%.

Five -Year Summary

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31

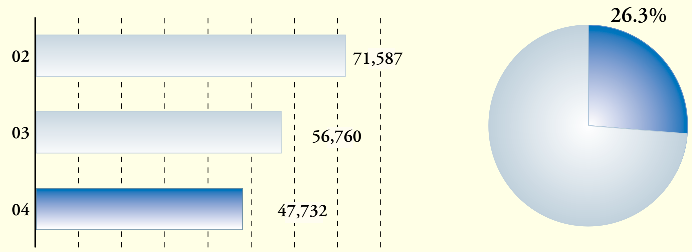
	Millions of yen				
	2004	2003	2002	2001	2000
Net sales	¥181,560	¥184,853	¥200,075	¥196,983	¥204,376
Net income (loss)	2,335	924	(3,906)	(2,645)	(5,761)
Net income (loss) per share (Yen)	10.14	4.58	(19.34)	(13.09)	(28.52)
Cash dividends paid	—	—	—	—	—
Depreciation and amortization	4,262	4,921	4,861	5,102	6,285
Total assets	194,163	197,140	205,221	212,105	221,388
Net property, plant and equipment	43,215	40,406	40,899	39,496	39,616
Shareholders' equity per share (Yen)	209.91	182.36	176.74	192.50	206.00

Operational Review

Energy Sector

Net sales ¥47,732 million ($450,302 thousand)

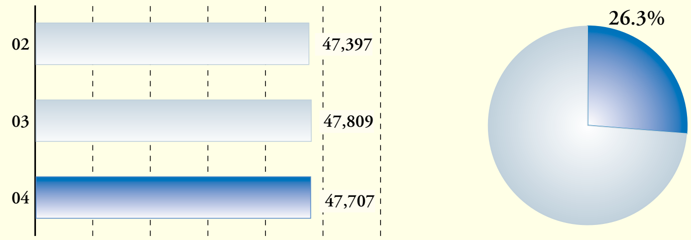
(Millions of yen)



The Company manufactures and markets generators, transformers, switching devices, lightning arresters, power conversion equipment, and products to control these devices, for use in electric power facilities ranging from power company generating stations to transmission, transforming, and distribution facilities, in establishments ranging from national and local government facilities to railroads, highways, buildings, construction sites, and so on.

Environment Sector

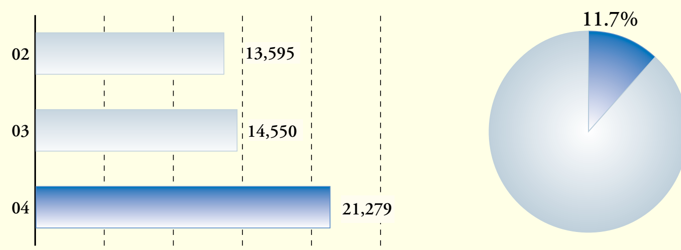
Net sales ¥47,707 million ($450,066 thousand)



The Company provides "environment-friendly products and technologies" for the development of IT networks involved in the control of treatment equipment and processes for city water and sewage water systems operated by local governments, as well as for energy conservation, recycling, waste treatment, and so on.

Info and Communications Sector

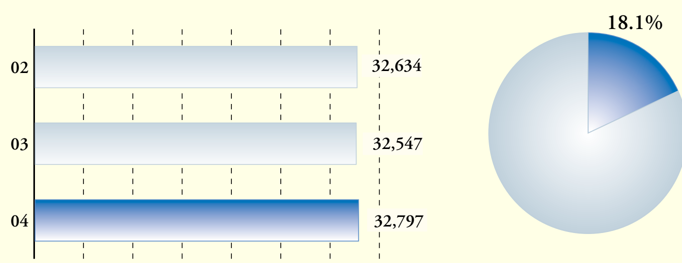
Net sales ¥21,279 million ($200,745 thousand)



The Company manufactures and markets computer systems and all types of electronic equipment and crystal-related products primarily for the information and telecommunications market.

Industrial Systems Sector

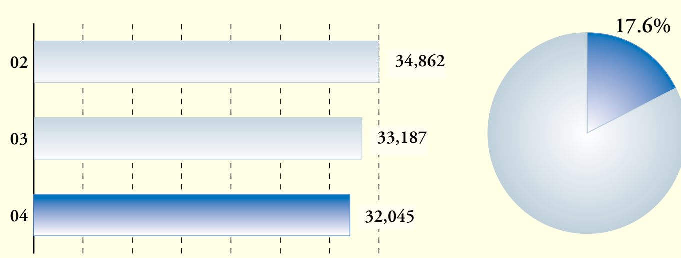
Net sales ¥32,797 million ($309,405 thousand)



The Company manufactures and markets products related to manufacturing processes in every type of manufacturing industry, and, with a focus on electric motor power application products, extends to dynamometer instrumentation, industrial robots, automated guided vehicles, and other such areas.

Others

Net sales ¥32,045 million ($302,312 thousand)



Consolidated Balance Sheets

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	2004
Assets			
Current assets:			
Cash and time deposits (Note 15)	¥9,255	¥10,427	$87,311
Marketable securities (Note 3)	409	1,011	3,859
Receivables:			
Trade notes	6,047	5,758	57,047
Trade accounts	60,197	63,109	567,896
Loans and advances	812	671	7,660
Due from unconsolidated subsidiaries and affiliates	1,527	1,046	14,406
Allowance for doubtful accounts	(203)	(229)	(1,915)
Inventories (Note 4)	27,116	27,257	255,811
Deferred income taxes (Note 14)	4,143	6,590	39,085
Other current assets	5,561	6,521	52,463
Total current assets	114,864	122,161	1,083,623
Property, plant and equipment (Note 7):			
Land	11,772	8,390	111,057
Buildings and structures	43,497	42,938	410,349
Machinery and equipment	64,623	65,648	609,650
Construction in progress	2,572	1,720	24,264
Less: Accumulated depreciation	(79,249)	(78,290)	(747,632)
	43,215	40,406	407,688
Investment and other assets:			
Investment securities (Notes 3 and 7)	16,163	12,852	152,481
Investments in unconsolidated subsidiaries and affiliates (Note 3)	11,267	10,867	106,292
Long-term loans	169	164	1,594
Deferred income taxes (Note 14)	4,058	6,256	38,283
Other assets (Note 7)	4,765	4,850	44,953
Allowance for doubtful accounts	(338)	(416)	(3,188)
	36,084	34,573	340,415
	¥194,163	¥197,140	$1,831,726

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2004	2003	2004
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings (Notes 5 and 7)	¥34,184	¥45,494	$322,491
Current portion of long-term debt (Notes 6 and 7)	5,264	5,566	49,660
Payables:			
Trade notes	11,236	13,879	106,000
Trade accounts	24,923	29,459	235,123
Due to unconsolidated subsidiaries and affiliates	5,462	7,244	51,528
Advances received from customers	9,646	11,553	91,000
Accrued income taxes	238	356	2,245
Accrued bonuses	4,482	4,251	42,283
Other current liabilities	16,041	10,758	151,330
Total current liabilities	111,476	128,560	1,051,660
Long-term debt (Notes 6 and 7)	14,432	10,387	136,151
Employees' severance and retirement benefits (Note 8)	17,377	10,931	163,934
Reserve for retirement allowance for directors and corporate auditors	581	641	5,481
Deferred income tax on revaluation reserve for land	469	469	4,425
Other long-term liabilities	58	240	547
Minority interests	2,001	9,085	18,877
Contingent liabilities (Note 10)			
Shareholders' equity (Note 9):			
Common stock	17,070	17,070	161,038
Authorized — 576,000,000 shares			
Issued and outstanding — 246,252,704 shares in 2004			
— 202,025,158 shares in 2003			
Capital surplus	14,362	12,751	135,490
Retained earnings	13,148	5,756	124,038
Revaluation reserve for land, net of tax	433	433	4,085
Net unrealized holding gains on securities	4,299	1,145	40,557
Foreign currency translation adjustment	(394)	(316)	(3,717)
Less: Treasury stock	(1,149)	(12)	(10,840)
Total shareholders' equity	47,769	36,827	450,651
	¥194,163	¥197,140	$1,831,726

Consolidated Statements of Income

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2004	2003	2002	2004
Net sales (Note 13)	**¥181,560**	**¥184,853**	**¥200,075**	**$1,712,830**
Cost of sales (Notes 12 and 13)	141,187	145,113	160,016	1,331,953
Selling, general and administrative expenses (Notes 12 and 13)	35,068	36,322	36,525	330,830
Operating income	**5,305**	**3,418**	**3,534**	**50,047**
Other income (expenses):				
Interest and dividend income	545	420	588	5,142
Interest expense	(907)	(1,020)	(1,106)	(8,557)
Gains on sales of marketable securities and investment securities	971	4	39	9,160
Write-down of securities	(1)	(2,633)	(5,243)	(9)
Loss on disposal of fixed assets	(191)	(134)	(40)	(1,802)
Gain on sales of property, plant and equipment	23	8	3	217
Gain from division of corporation (Note 16)	—	7,263	—	—
Loss from division of corporation (Note 17)	—	(3,197)	—	—
Gains on the release from the substitutional portion (Notes 2 and 8)	225	—	—	2,123
Others	(1,754)	(3,126)	(1,323)	(16,547)
Income (loss) before income taxes and minority interests	**4,216**	**1,003**	**(3,548)**	**39,774**
Income taxes (Note 14):				
Current	347	858	1,101	3,274
Deferred	1,183	(901)	(932)	11,160
	1,530	(43)	169	14,434
Minority interests	351	122	189	3,312
Net income (loss)	**¥2,335**	**¥924**	**¥(3,906)**	**$22,028**

	Yen			U.S. dollars (Note 1)
	2004	2003	2002	2004
Amounts per share of common stock (Note 2):				
Net income (loss)	¥10.14	¥4.58	¥(19.34)	$0.10
Cash dividends applicable to the year	3.00	—	—	0.03

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2004, 2003 and 2002

	Millions of yen							
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Revaluation reserve for land, net of tax	Net unrealized holding gains on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2001	202,025,158	¥17,070	¥12,751	¥8,968	¥423	¥—	¥(323)	¥(0)
Net loss	—	—	—	(3,906)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(75)	—	—	—	—
Increase in retained earnings due to reduction of affiliated company	—	—	—	61	—	—	—	—
Decrease in retained earnings due to addition of consolidated subsidiaries	—	—	—	(376)	—	—	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	(39)	—
Adoption of new accounting standard for financial instruments	—	—	—	—	—	1,159	—	—
Increase in treasury stock	—	—	—	—	—	—	—	(3)
Decrease in retained earnings due to reduction of consolidated subsidiaries	—	—	—	(7)	—	—	—	—
Balance at March 31, 2002	202,025,158	17,070	12,751	4,665	423	1,159	(362)	(3)
Net income	—	—	—	924	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(46)	—	—	—	—
Increase in retained earnings due to addition of affiliated companies	—	—	—	16	—	—	—	—
Increase in retained earnings due to addition of consolidated subsidiaries	—	—	—	197	—	—	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	46	—
Increase in treasury stock	—	—	—	—	—	—	—	(9)
Increase in revaluation reserve for land, net of tax	—	—	—	—	10	—	—	—
Decrease in net unrealized holding gains on securities	—	—	—	—	—	(14)	—	—
Balance at March 31, 2003	202,025,158	17,070	12,751	5,756	433	1,145	(316)	(12)
Increase (decrease) due to merger	44,227,546	—	1,611	5,061	—	(117)	—	(1,114)
Net income	—	—	—	2,335	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(1)	—	—	—	—
Decrease in retained earnings due to reduction of affiliated company	—	—	—	(3)	—	—	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	(78)	—
Increase in treasury stock	—	—	—	—	—	—	—	(23)
Increase in net unrealized holding gains on securities	—	—	—	—	—	3,271	—	—
Balance at March 31, 2004	246,252,704	¥17,070	¥14,362	¥13,148	¥433	¥4,299	¥(394)	¥(1,149)

	Thousands of U.S. dollars (Note 1)							
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Revaluation reserve for land, net of tax	Net unrealized holding gains on securities	Foreign currency translation adjustment	Treasury stock
Balance at March 31, 2003	202,025,158	$161,038	$120,292	$54,302	$4,085	$10,802	$(2,981)	$(113)
Increase (decrease) due to merger	44,227,546	—	15,198	47,745	—	(1,104)	—	(10,510)
Net income	—	—	—	22,028	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(9)	—	—	—	—
Decrease in retained earnings due to reduction of affiliated company	—	—	—	(28)	—	—	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	(736)	—
Increase in treasury stock	—	—	—	—	—	—	—	(217)
Increase in net unrealized holding gains on securities	—	—	—	—	—	30,859	—	—
Balance at March 31, 2004	246,252,704	$161,038	$135,490	$124,038	$4,085	$40,557	$(3,717)	$(10,840)

CONSOLIDATED STATEMENTS OF CASH FLOWS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2004, 2003 and 2002

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2004	2003	2002	2004
Operating activities:				
Income (loss) before income taxes and minority interests	¥4,216	¥1,003	¥(3,548)	$39,774
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	4,262	4,921	4,861	40,208
Increase in allowances	2,078	894	1,665	19,604
Interest and dividends income	(545)	(420)	(588)	(5,142)
Interest expense	907	1,020	1,106	8,557
Gains on sales of investment securities	(971)	–	(33)	(9,160)
Gain from division of corporation	–	(7,263)	–	–
Loss from division of corporation	–	3,197	–	–
Write-down of securities	1	2,633	5,243	9
Merger expense	25	118	–	236
Decrease in receivables	1,318	10,474	1,548	12,434
Decrease (increase) in inventories	(185)	(1,744)	4,132	(1,745)
Increase (decrease) in payables	(3,996)	2,494	(5,772)	(37,698)
Other-net	2,160	(2,593)	(2,163)	20,376
Sub-total	9,270	14,734	6,451	87,453
Interest income and dividend received	566	422	559	5,340
Interest expense paid	(907)	(1,042)	(1,094)	(8,557)
Income taxes paid	(544)	(480)	(1,344)	(5,132)
Accident insurance income	–	–	7	–
Expenditures from casualty	–	–	(153)	–
Merger expense paid	(25)	(101)	–	(236)
Net cash provided by operating activities	8,360	13,533	4,426	78,868
Investing activities:				
Acquisition of marketable securities and investment securities	(650)	(779)	(6,881)	(6,132)
Proceeds from sales of marketable securities and investment securities	3,580	983	5,577	33,774
Additions to property, plant and equipment	(4,375)	(8,801)	(4,300)	(41,274)
Proceeds from sales of property, plant and equipment93	34	421	877	
Proceeds from sales of securities issued by subsidiaries which caused the change of consolidation scope	–	(306)	–	–
Other-net	(646)	10	141	(6,094)
Net cash used in investing activities	(1,998)	(8,859)	(5,042)	(18,849)
Financing activities:				
Increase (decrease) in short-term bank loans	(10,135)	(2,137)	2,439	(95,613)
Proceeds from long-term debt	9,579	2,744	4,672	90,368
Repayment of long-term debt	(6,984)	(9,179)	(8,512)	(65,887)
Other-net	(453)	(1,273)	303	(4,274)
Net cash used in financing activities	(7,993)	(9,845)	(1,098)	(75,406)
Effects of exchange rate changes on cash	(33)	(22)	34	(311)
Net decrease in cash and cash equivalents	(1,664)	(5,193)	(1,680)	(15,698)
Cash and cash equivalents at beginning of year	10,919	15,581	17,150	103,009
Increase due to change in consolidated subsidiaries	–	531	111	–
Cash and cash equivalents at end of year (Note 15)	¥9,255	¥10,919	¥15,581	$87,311

See accompanying notes.

Notes to Consolidated Financial Statements

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2004, 2003 and 2002

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of the reader outside Japan, using the prevailing exchange rate at March 31, 2004, which was ¥106 to U.S. $1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 28 consolidated subsidiaries in 2004 (28 in 2003 and 24 in 2002). All significant intercompany accounts and transactions have been eliminated on consolidation. The Company's remaining subsidiaries, whose net and gross assets and net sales are not significant in the aggregate in relation to the comparable figures in the consolidated financial statements, have not been consolidated.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value when the Company acquired control of the respective subsidiaries.

b) Equity Method

Investments in affiliated companies (all 20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method in the year ended March 31, 2004, 2003 and 2002.

Investments in five affiliated companies are accounted for by the equity method in 2004, investments in six affiliated companies are accounted for by the equity method in 2003, and investments in an affiliated company are accounted for by the equity method in 2002. Investments in all unconsolidated subsidiaries and other affiliated companies, that would not have material effect on the consolidated financial statements, are stated at cost.

c) Securities

The Company and its consolidated subsidiaries examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Company and its subsidiaries do not have trading securities and held-to-maturity debt securities. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at the moving-average cost. Available-for-sale securities are stated at the moving-average cost.

If the market value of equity securities issued by unconsolidated subsidiaries and affiliated companies and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the statement of income in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

Effective April 1, 2001, the Company and its consolidated subsidiaries applied a new accounting requirement for available-for-sale securities with available fair market values under the accounting standard for financial instruments which was adopted in the previous year.

Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains and losses on sale of such securities are computed using the moving-average cost.

As a result of applying the new accounting requirement, as at March 31, 2002, net unrealized holding gains on securities increased by ¥1,159 million, deferred income taxes decreased by ¥708 million, and minority interests in the balance sheets decreased by ¥118 million.

d) Derivatives and Hedge Accounting

Derivative financial instruments are stated at fair value, and the Company and its consolidated subsidiaries recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

1. If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

(a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the statement of income in the period which includes the inception date, and

(b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract

2. If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract is executed.

e) Inventories

Inventories are stated at cost, which is mainly determined by the average method as to raw materials and supplies and the specific identification method as to finished products, semi-finished products and work in process.

f) Property, Plant and Equipment and Depreciation

Depreciation is mainly computed using the declining-balance method over estimated useful lives except for buildings acquired after March 31, 1998, which are depreciated based on the straight-line method over estimated useful lives.

g) Impairment of Fixed Assets

In the year ended March 31, 2004, the Company and its consolidated subsidiaries did not adopt early the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issues by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003).

h) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide the allowance for doubtful accounts in an amount sufficient to cover possible losses on collection by estimating individually uncollectible amounts and applying a percentage based on collection experience to the remaining accounts.

i) Employees' Severance and Retirement Benefits

The Company and its consolidated subsidiaries provide two types of severance and retirement benefit plans, unfunded lump-sum payment plans and funded contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries provided allowance for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date.

Prior service costs are recognized in expenses in equal amounts over the average of the estimated remaining service lives of the employees, and actuarial gains and losses are recognized in income or expenses using the straight-line method over the average of the estimated remaining service lives commencing with the following period.

Employees of Japanese companies are compulsorily included in the Welfare Pension Insurance Scheme operated by the government. Employers are legally required to deduct employees' welfare pension insurance contributions from their payroll and to pay them to the government together with employers' own contributions. For companies that have established their own Employees' Pension Fund which meets certain legal requirements, it is possible to transfer a part of their welfare pension insurance contributions (referred to as the "substitutional portion" of the government's Welfare Pension Insurance Scheme) to their own Employees' Pension Fund under the government's permission and supervision.

Based on the newly enacted Defined Benefit Corporate Pension Law, the Company and some domestic consolidated subsidiaries decided to restructure their Employees' Pension Fund and were permitted by the Minister of Health, Labor and Welfare on October 29, 2003 to be released from their future obligation for payments for the substitutional portion of the Welfare Pension Insurance Scheme. Pension assets for the substitutional portion maintained by the Employees' Pension Fund are to be transferred back to the government's scheme.

The Company and some domestic consolidated subsidiaries applied the transitional provisions as prescribed in paragraph 47-2 of the JICPA Accounting Committee Report No. 13, "Practical Guideline for Accounting of Retirement Benefits (Interim Report)", and the effect of transferring the substitutional portion was recognized on the date permission was received from the Ministry of Health, Labor and Welfare. As the result, in the year ended March 31, 2004, the Company and some consolidated domestic subsidiaries recorded gains on the release from the substitutional portion of the government's Welfare Pension Insurance Scheme amounting to ¥225 million ($2,123 thousand), which was calculated based on the amount of the substitutional portion of the projected benefit obligations as of the permission date, the related pension assets determined pursuant to the government formula, and the related unrecognized items.

j) Income Tax

The Company and its consolidated subsidiaries recognize tax effects of temporary differences between the carrying amounts of assets and liabilities for tax and financial reporting. The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Effective from the year ended March 31, 2003, the Company and some subsidiaries adopted consolidated tax return system. The Company and some subsidiaries account and represent in accordance with "Temporary Treatment of Accounting for Tax Effects to Be Applied

Under Consolidated Tax Return System (No.1)," issued by the Accounting Standards Board of Japan on October 9, 2002, and "Temporary Treatments of Accounting for Tax Effects to Be Applied Under Consolidated tax Return System (No.2)," issued by the Accounting Standards Board of Japan on February 6, 2003.

k) Treasury Stock and Statutory Reserves

Effective April 1, 2002, the Company adopted the new accounting standard for treasury stock and reversal of statutory reserves (Accounting Standards Board Statement No. 1, "Accounting Standard for Treasury Stock and Reversal of Statutory Reserves," issued by the Accounting Standards Board of Japan on February 21, 2002).

The effect on net income of the adoption of the new accounting standard was not material.

l) Amounts Per Share of Common Stock

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

For the years ended March 31, 2004, 2003 and 2002, diluted net income per share was not shown since the Company had no securities with dilutive effect.

Cash dividends per share presented in the consolidated statements of income represent actual amounts applicable to the years.

Effective April 1, 2002, the Company and its consolidated subsidiaries adopted the new accounting standard for net income per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standards for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting Standard for Earnings Per Share," issued by the Accounting Standards Board of Japan on September 25, 2002).

The effect on net income per share of the adoption of the new accounting standard was immaterial.

m) Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities that do not exceed three months at the time of purchase, are considered to be cash and cash equivalents.

n) Reclassifications

Certain prior years' amounts have been reclassified to conform to 2004 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

3. Securities

A. The following table summarizes acquisition costs and book values of securities with fair value as of March 31, 2004 and 2003.

(a) Available-for-sale securities;

2004	Millions of yen: Acquisition cost	Book value	Difference	Thousands of U.S. dollars: Acquisition cost	Book value	Difference
Securities with book value (fair value) exceeding acquisition cost:						
Equity securities	¥7,357	¥14,574	¥7,217	$69,406	$137,491	$68,085
Bonds	517	531	14	4,877	5,009	132
Total	¥7,874	¥15,105	¥7,231	$74,283	$142,500	$68,217
Securities with book value (fair value) not exceeding acquisition cost:						
Equity securities	¥635	¥543	¥(92)	$5,991	$5,123	$(868)
Bonds	110	100	(10)	1,037	943	(94)
Total	¥745	¥643	¥(102)	$7,028	$6,066	$(962)

2003	Millions of yen: Acquisition cost	Book value	Difference
Securities with book value (fair value) exceeding acquisition cost:			
Equity securities	¥4,123	¥6,812	¥2,689
Bonds	352	365	13
Total	¥4,475	¥7,177	¥2,702
Securities with book value (fair value) not exceeding acquisition cost:			
Equity securities	¥4,500	¥3,617	¥(883)
Bonds	2,229	2,065	(164)
Others	102	95	(7)
Total	¥6,831	¥5,777	¥(1,054)

B. The following table summarizes book values of securities without fair value as of March 31, 2004 and 2003.

(a) Available-for-sale securities;

	Book value: Millions of yen 2004	2003	Thousands of U.S. dollars 2004
Money management fund	¥—	¥152	$—
Non-listed foreign securities	108	52	1,019
Non-listed equity securities	715	684	6,745
Others	1	21	10
Total	¥824	¥909	$7,774

(b) Equity securities issued by subsidiaries and affiliated companies;

	Book value: Millions of yen 2004	2003	Thousands of U.S. dollars 2004
Non-listed securities for subsidiaries	¥635	¥81	$5,990
Non-listed securities for affiliated companies	10,632	10,786	100,302
Total	¥11,267	¥10,867	$106,292

C. Maturities of available-for-sale securities with maturities as of March 31, 2004 and 2003.

Year ended March 31, 2004	Millions of yen			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	¥409	¥218	¥22	¥91

Year ended March 31, 2003	Millions of yen			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	¥744	¥1,093	¥20	¥573

Year ended March 31, 2004	Thousands of U.S. dollars			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	$3,859	$2,057	$208	$857

D. Total sales amounts of available-for-sale securities sold, gains and losses, in the years ended March 31, 2004, 2003 and 2002 are follows:

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Sales amount	¥3,752	¥362	¥2,882	$35,396
Gains	971	4	39	9,160
Losses	31	63	68	292

4. Inventories

Inventories as of March 31, 2004 and 2003 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Finished products	¥1,954	¥2,700	$18,434
Semi-finished products	3,370	4,087	31,792
Work-in-process	19,941	18,760	188,123
Materials and supplies	1,851	1,710	17,462
Total	**¥27,116**	**¥27,257**	**$255,811**

5. Short-Term Borrowings

Short-term borrowings are bank loans and represented by notes. The weighted average interest rate was 1.2% as of March 31, 2004 and 1.1% as of March 31, 2003.

6. Long-Term Debt

Long-term debt as of March 31, 2004 and 2003 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
1.12% to 3.0% loans from banks and insurance companies	¥19,696	¥15,953	$185,811
Less: Current portion	(5,264)	(5,566)	(49,660)
Total	**¥14,432**	**¥10,387**	**$136,151**

The annual maturities of long-term debts as of March 31, 2004 were as follows.

	Millions of yen	Thousands of U.S. dollars
Year ended March 31		
2005	¥5,264	$49,660
2006	6,802	64,170
2007	5,918	55,830
2008	955	9,009
2009	522	4,925
2010 and thereafter	235	2,217

7. Pledged Assets

The following assets were pledged as collateral at March 31, 2004 and 2003.

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Buildings and structures less related accumulated depreciation	¥542	¥672	$5,113
Machinery and equipment less related accumulated depreciation	63	74	594
Land	2,627	3,021	24,783
Investment securities	3,403	3,010	32,104
Others	39	39	368
Total	**¥6,674**	**¥6,816**	**$62,962**

Obligations with collateral pledged at March 31, 2004 and 2003 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Short-term borrowings	¥2,325	¥2,737	$21,934
Long-term debt	2,500	3,700	23,585
Total	**¥4,825**	**¥6,437**	**$45,519**

8. Employees' Severance and Pension Benefits

The Company and its consolidated subsidiaries adopted the accounting standard for employees' severance and retirement benefits, under which the liabilities and expenses for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2004 and 2003 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Projected benefit obligation	¥52,100	¥82,835	$491,509
Unrecognized prior service costs	2,443	—	23,047
Unrecognized actuarial differences	(4,488)	(18,848)	(42,339)
Prepaid pension cost	—	64	—
Less fair value of pension assets	(13,225)	(25,921)	(124,764)
Less unrecognized net transition obligation	(19,453)	(27,199)	(183,519)
Liability for severance and retirement benefits	¥17,377	¥10,931	$163,934

① The Company and some domestic consolidated subsidiaries applied the transitional provisions as prescribed in paragraph 47-2 of the JICPA Accounting Committee Report No.13, "Practical Guideline for Accounting of Retirement Benefits (Interim Report)", and the effect of transferring the substitutional portion was recognized on the date permission was received from the Ministry of Health, Labor and Welfare.

The amount of pension plan assets expected to be transferred back to the government approximated to ¥18,608 million ($175,547 thousand) as at March 31, 2004.

② The prior service costs have occurred due to the change in the MEIDENSHA employee's pension fund agreement in the year ended March 31, 2004.

Included in the consolidated statements of income for the years ended March 31, 2004, 2003 and 2002 are severance and retirement benefit expenses comprising the following:

	Millions of yen			Thousands of U.S. dollars
	2004	2003	2002	2004
Service costs – benefits earned during the year	¥3,202	¥3,645	¥3,606	$30,207
Interest cost on projected benefit obligation	1,665	2,528	2,652	15,708
Expected return on plan assets	(236)	(853)	(1,217)	(2,226)
Amortization of prior service costs	(41)	(4)	(5)	(387)
Amortization of net transition obligation	1,930	2,459	2,547	18,207
Amortization of actuarial differences	857	489	433	8,085
Employee's contribution	(244)	(564)	(583)	(2,302)
Severance and retirement benefit expenses	¥7,133	¥7,700	¥7,433	$67,292

Amortization of net transition obligation amounted to ¥496 million and amortization of actual differences amounted to ¥2,277 million due to division of corporation for the year ended March 31, 2003 are not included in the above table. These amounts are included in loss from division of corporation.

The discount rate and the rate of expected return on plan assets used by the Company and its consolidated subsidiaries are mainly 2.7% and 2.0% for 2004, 2.7% to 3.5% and 3.5% to 4.5% for 2003, and 3.5% and 3.5% to 4.5% for 2002, respectively.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Prior service costs are recognized as an expense in equal amounts over 10 years for 2004 and over 14 years for 2003 and 2002, and actuarial gains/losses are recognized in the statement of income using the straight-line method over 13 to 15 years for 2004, and over 10 to 15 years for 2003 and 2002, respectively.

9. Shareholders' Equity

Under the Commercial Code of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Commercial Code, certain amounts of retained earnings equal to at least 10% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 25% of common stock. The total amount of legal earnings reserve and additional paid-in capital of the Company has been reached to 25% of common stock, and therefore the Company is not required to provide legal earnings reserve any more. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the shareholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal earnings reserve and additional paid-in capital remains being equal to or exceeding 25% of common stock, they are available for distribution by the resolution of shareholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Commercial Code.

10. Contingent Liabilities

Contingent liabilities at March 31, 2004, were as follows.

	Millions of yen	Thousands of U.S. dollars
Repurchase of note discounted and endorsed	¥1,691	$15,953
Guarantees of loans from banks to employees and unconsolidated subsidiaries and affiliates	697	6,575

11. Lease Information:

(1) Financial leases, which do not transfer ownership of properties to lessees, are not capitalized and are accounted for in the same manner as operating leases. Certain related information are summarized as follows:

(i) Assumed amounts (inclusive of interest) of acquisition cost, accumulated depreciation and net book value as of March 31, 2004 and 2003, are summarized as follows.

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Assumed acquisition cost			
Machinery and equipment	¥300	¥162	$2,830
Others	1,702	1,611	16,057
Accumulated depreciation	(894)	(897)	(8,434)
	¥1,108	¥876	$10,453

(ii) Future minimum lease payments, inclusive of interest, at March 31, 2004 totaled ¥1,108 million ($10,453 thousand), including ¥371 million ($3,500 thousand) due within one year.

(iii) Lease payments, which are equal to assumed depreciation charges for the years ended March 31, 2004, 2003 and 2002, were ¥511 million ($4,821 thousand), ¥365 million and ¥438 million, respectively.

(iv) Assumed depreciation charges are computed using the straight-line method over lease terms assuming no residual value.

(2) Future operating lease payments under non-cancelable operating leases as of March 31, 2004 totaled ¥923 million ($8,708 thousand), including ¥268 million ($2,528 thousand) due within one year.

12. Research and Development Expenses

Research and development expenses are charged to income as incurred. The amount charged to income for the years ended March 31, 2004, 2003 and 2002 stood at ¥6,794 million ($64,094 thousand), ¥7,012 million, and ¥8,765 million, respectively.

13. Segment Information

Industry segments:

The Company and its consolidated subsidiaries operate principally in five industrial sectors: Energy, Environment, Info and Communications, Industrial Systems, and Other sectors.

Information by industry segments for the years ended March 31, 2004, 2003 and 2002 are as follows:

	Millions of Yen							
Year ended March 31, 2004	Energy	Environment	Info and Communications	Industrial Systems	Others	Total	Eliminations or Corporate	Consolidated
Net sales:								
Outside customers	¥47,732	¥47,707	¥21,279	¥32,797	¥32,045	¥181,560	¥—	¥181,560
Inter-segment	3,197	1,683	2,474	4,223	26,513	38,090	(38,090)	—
Total	50,929	49,390	23,753	37,020	58,558	219,650	(38,090)	181,560
Operating expenses	51,724	42,555	23,008	37,773	57,296	212,356	(36,101)	176,255
Operating income (loss)	¥(795)	¥6,835	¥745	¥(753)	¥1,262	¥7,294	¥(1,989)	¥5,305
Identifiable assets	¥38,280	¥22,447	¥20,543	¥29,325	¥23,776	¥134,371	¥59,792	¥194,163
Depreciation and amortization	1,037	210	705	630	537	3,119	1,143	4,262
Capital expenditures	1,284	223	603	459	437	3,006	1,711	4,717

Year ended March 31, 2003	Energy	Environment	Info and Communications	Industrial Systems	Others	Total	Eliminations or Corporate	Consolidated
	Millions of Yen							
Net sales:								
Outside customers	¥56,760	¥47,809	¥14,550	¥32,547	¥33,187	¥184,853	¥—	¥184,853
Inter-segment	3,948	2,477	3,284	4,115	30,014	43,838	(43,838)	—
Total	60,708	50,286	17,834	36,662	63,201	228,691	(43,838)	184,853
Operating expenses	60,983	42,654	20,203	37,850	61,436	223,126	(41,691)	181,435
Operating income (loss)	¥(275)	¥7,632	¥(2,369)	¥(1,188)	¥1,765	¥5,565	¥(2,147)	¥3,418
Identifiable assets	¥44,053	¥25,318	¥20,430	¥26,179	¥38,653	¥154,633	¥42,507	¥197,140
Depreciation and amortization	1,555	269	805	625	631	3,885	1,036	4,921
Capital expenditures	1,278	270	974	2,665	665	5,852	1,522	7,374

Year ended March 31, 2002	Energy	Environment	Info and Communications	Industrial Systems	Others	Total	Eliminations or Corporate	Consolidated
	Millions of yen							
Net sales:								
Outside customers	¥71,587	¥47,397	¥13,595	¥32,634	¥34,862	¥200,075	¥—	¥200,075
Inter-segment	4,712	2,320	2,908	3,976	35,474	49,390	(49,390)	—
Total	76,299	49,717	16,503	36,610	70,336	249,465	(49,390)	200,075
Operating expenses	74,899	41,613	19,776	38,687	68,433	243,408	(46,867)	196,541
Operating income (loss)	¥1,400	¥8,104	¥(3,273)	¥(2,077)	¥1,903	¥6,057	¥(2,523)	¥3,534
Identifiable assets	¥54,342	¥23,772	¥18,363	¥28,472	¥34,649	¥159,598	¥45,623	¥205,221
Depreciation and amortization	1,221	204	711	694	824	3,654	1,207	4,861
Capital expenditures	1,251	402	672	2,196	494	5,015	1,302	6,317

Year ended March 31, 2004	Energy	Environment	Info and Communications	Industrial Systems	Others	Total	Eliminations or Corporate	Consolidated
	Thousands of U.S. dollars							
Net sales:								
Outside customers	$450,302	$450,066	$200,745	$309,405	$302,312	$1,712,830	$–	$1,712,830
Inter-segment	30,160	15,877	23,340	39,840	250,123	359,340	(359,340)	–
Total	480,462	465,943	224,085	349,245	552,435	2,072,170	(359,340)	1,712,830
Operating expenses	487,962	401,462	217,057	356,349	540,528	2,003,358	(340,575)	1,662,783
Operating income (loss)	$(7,500)	$64,481	$7,028	$(7,104)	$11,907	$68,812	$(18,765)	$50,047
Identifiable assets	$361,132	$211,764	$193,802	$276,651	$224,302	$1,267,651	$564,075	$1,831,726
Depreciation and amortization	9,783	1,981	6,651	5,943	5,067	29,425	10,783	40,208
Capital expenditures	12,113	2,104	5,689	4,330	4,122	28,358	16,142	44,500

Geographic information and overseas sales are not disclosed due to its insignificance.

14. Income Taxes

The Company and its consolidated subsidiaries are subject to a number of taxes based on income, which in aggregate, resulted in normal statutory tax rates of approximately 42.69%, 42.69% and 40.87% for the years ended March 31, 2004, 2003 and 2002, respectively.

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial statement purposes for the years ended March 31, 2004, 2003 and 2002.

	2004	2003	2002
Statutory tax rate	42.69%	42.69%	–%
Permanent difference (Social expenses, etc.)	6.06	11.35	–
Per capita inhabitant tax	2.61	14.08	–
Net decrease in valuation allowance	(31.20)	(233.83)	–
Decrease (increase) in deferred tax assets due to the change of statutory tax rate	6.65	(8.83)	–
Increase in division of corporation	–	116.15	–
Decrease in net operating loss carry forwards of subsidiaries due to adoption of consolidated tax return system	9.32	56.90	–
Other-net	0.16	(2.79)	–
Effective tax rate	36.29%	–4.28%	–%

Difference between the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2002 is not shown due to loss before income taxes.

Significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries as of March 31, 2004 and 2003 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Deferred tax assets:			
Net operating loss carry forwards	¥3,343	¥8,520	$31,538
Allowance for retirement benefits	6,313	3,569	59,557
Unrecognized intercompany profit	172	3,609	1,622
Bonuses	1,779	1,504	16,783
Other	2,164	1,819	20,415
Gross deferred tax assets	13,771	19,021	129,915
Less: Valuation allowance	(1,604)	(2,956)	(15,132)
	12,167	16,065	114,783
Deferred tax liabilities:			
Deferred gain on sales of property for tax purpose	–	1,322	–
Unrealized holding gains on securities	2,830	690	26,698
Deferred gain from division of corporation	1,131	1,127	10,670
Other	5	80	47
Gross deferred tax liabilities	3,966	3,219	37,415
Net deferred tax assets	¥8,201	¥12,846	$77,368

As of March 31, 2003, the statutory tax rate in Japan was estimated to be changed to 39.54% effective April 1, 2004 because of amendment to the Japanese local tax law. The effects on the consolidated financial statements for 2003 resulted in a decrease of ¥150 million in long-term deferred tax assets (net of long-term deferred tax liabilities), an increase of ¥162 million in income taxes-deferred, an increase of ¥11 million in net unrealized holding gains on securities, a decrease of ¥15 million in deferred income tax liabilities on revaluation reserve for land, an increase of ¥5 million in minority interests, and an increase of ¥9 million in revaluation reserve for land.

The statutory tax rate in Japan effective April 1, 2004 finally was decided as 39.69% which has been used for the calculation of deferred tax assets and liabilities for the year ended March 31, 2004. The effect on the consolidated financial statements of this change was not material.

By adoption of consolidated tax return system, during the consolidated accounting fiscal years which start during the period from April 1, 2002 through March 31, 2004, it became necessary to add 2% of the surtax rate on the conventional the corporate tax. Reflecting this change, in calculating the deferred tax asset and deferred tax liability the addition of surtax rate 2% was taken into account.

Due to this change, effective tax rate for the corporate tax in the fiscal 2003 to be used in the calculation of the deferred tax asset and the deferred tax liability is mainly changed from 27.37% to 29.20%. The amount of deferred tax asset at the end of the fiscal 2002 (amount deducting the deferred tax liability) showed the increase of ¥232 million and the decrease of ¥232 million in the adjustment amount relating to corporate tax, etc. in the fiscal 2002.

15. Cash and Cash Equivalents

Reconciliations of cash and time deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of March 31, 2004 and 2003 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
Cash and time deposits	¥9,255	¥10,427	$87,311
Short-term securities	–	1,011	–
Other current assets (repurchase agreement)	–	320	–
Bonds with maturities of exceeding three months	–	(839)	–
Cash and cash equivalents	¥9,255	¥10,919	$87,311

16. Gain from Division of Corporation

Gain from division of corporation for the year ended March 31, 2003 was due to transferring the substation business of the Company to Japan AE Power Systems Corporation.

17. Loss from Division of Corporation

Loss from division of corporation for the year ended March 31, 2003 consisted of the following:

	Millions of yen
Recognized actuarial differences	¥2,277
Recognized net transition obligation	496
Loss on disposal of inventories	255
Other	169
	¥3,197

18. Related Party Transactions

Significant transactions with related parties for the years ended March 31, 2004 and 2003 are as follows:

Year ended March 31, 2004	Millions of yen	
	Purchase of finished products	Accounts payable
Japan AE Power Systems Corporation	¥6,936	¥3,336
Japan Motor & Generator Co., Ltd.	5,541	2,026

Year ended March 31, 2004	Thousands of U.S.dollars	
	Purchase of finished products	Accounts payable
Japan AE Power Systems Corporation	$65,434	$31,472
Japan Motor & Generator Co., Ltd.	52,274	19,113

Year ended March 31, 2003	Millions of yen				
	Purchase of finished products	Accounts payable	Supply of Material	Accounts receivable	Division of corporation
Japan AE Power Systems Corporation	¥5,559	¥4,548	¥1,855	¥823	¥7,263
Japan Motor & Generator Co., Ltd.	4,662	2,313	4,585	1,702	—

19. Subsequent Event

On May 31, 2004, the board of directors of the Company approved that the Company would subscribe to a basic agreement concerning the sale of the Company's shares of Shinko Seisakusho Co., Ltd., a consolidated subsidiary, to Ace Denken Co., Ltd. And the Company subscribed to the agreement.

The following appropriations of retained earnings at March 31, 2004 were approved at the annual general meeting of shareholders of the Company held on June 25, 2004.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥3.00 or $0.03 per share)	¥738	$6,962
Bonuses to directors and corporate auditors	28	264

20. Other Matters

In connection with collusion in sewer projects, 13 local governments including Machida City filed suit against nine provider companies including the Company seeking damages totaling 2,062 million yen (including attorney's fees but not including interest of 5% per year). Settlements were reached with the exception of the suits involving Machida City, and the lawsuits have been dismissed.

Of the cases that were settled, those in the Osaka High Court and the Saitama District Court were settled by the Company for payments of 24 million yen and 29 million yen, respectively, in settlement payments and attorney's fees.

We are working towards settling the pending Machida City cases.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of MEIDENSHA CORPORATION:

We have audited the accompanying consolidated balance sheets of MEIDENSHA CORPORATION and consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2004, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MEIDENSHA CORPORATION and subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2004, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.

(1) As discussed in Note 2(c) to the consolidated financial statements, effective April 1, 2001, MEIDENSHA CORPORATION and domestic subsidiaries adopted the new Japanese accounting requirement for available-for-sale securities with available fair market values under the accounting standard for financial instruments, which was adopted in the previous year.

(2) As discussed in Note 19 to the consolidated financial statements, MEIDENSHA CORPORATION subscribed a basic agreement concerning the sale of the Company's shares of Shinko Seisakusho Co., Ltd. to Ace Denken Co., Ltd. on May 31, 2004.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2004 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 1 to the consolidated financial statements.

Tokyo, Japan
June 25, 2004

KPMG AZSA & Co.

OVERSEAS OFFICES AND AFFILIATES

(As of July, 2004)

CHINA

- **SHANGHAI MEIDEN SEMICONDUCTOR CO., LTD.**
  53-1A, No.311, Fu Te Nan Lu,
  Wai Gao Qiao Free Trade Zone,
  Shanghai 200137, P.R.China
  Phone: 21-50483681
  Facsimile: 21-50483035

HONG KONG

- **MEIDEN PACIFIC (CHINA) LTD.**
  Unit 01-02A, 16/F Tower 1,
  Ever Gain Plaza,
  88 Container Port Road,
  Kwai Chung, N.T., Hong Kong
  Phone: 2503-2468
  Facsimile: 2887-8046

INDONESIA

- **P.T. MEIDEN ENGINEERING INDONESIA**
  19th Floor, Summitmas I,
  Jl. Jenderal Sudirman Kaveling 61-62,
  P.O.BOX 6920/KBY/Summitmas I
  Jakarta Selatan 12190, Indonesia
  Phone: 21-520-0612
  Facsimile: 21-520-0240

KOREA

- **MEIDENSHA CORPORATION**
  Royal Building. No.410,
  5 Dangju-Dong, Chongro-ku,
  Seoul, Korea
  Phone: 2-736-0232~3
  Facsimile: 2-736-0234

MALAYSIA

- **MEIDEN ELECTRIC ENGINEERING SDN. BHD.**
  G. 03, Ground Floor, Wisma Academy,
  4A, Jalan 19/1, 46300 Petaling Jaya,
  Selangor Darul Ehsan, Malaysia
  Phone: 3-79554646
  Facsimile: 3-79546466

SINGAPORE

- **MEIDEN ASIA PTE. LTD.**
  5, Jalan Pesawat, Jurong Industrial
  Estate, Singapore 619363
  Phone: 6268-8222
  Facsimile: 6264-4292
- **MEIDEN SINGAPORE PTE. LTD.**
  5, Jalan Pesawat, Jurong Industrial
  Estate, Singapore 619363
  Phone: 6268-8222
  Facsimile: 6264-4292
- **SP SYSTEM PTE. LTD.**
  No.14 Penjuru Close
  Singapore 608610
  Phone: 6268-8222
  Facsimile: 6264-4292

THAILAND

- **THAI MEIDENSHA CO., LTD.**
  11th Floor, TST Tower Building,
  21 Viphavadi-Rangsit Road,
  Soi Chuei Phung, Ladyao, Jatujak,
  Bangkok 10900, Thailand
  Phone: 2-273-8954~61
  Facsimile: 2-273-8966
- **MEIDEN ELECTRIC (THAILAND) LTD.**
  898 Moo 2, Bangpa-in Industrial
  Estate, Udomsorayuth Rd., Klongjig,
  Bangpa-in, Ayudhaya 13160, Thailand
  Phone: 35-258258~262
  Facsimile: 35-221388

THE UNITED KINGDOM

- **MEIDEN EUROPE LTD.**
  New Wave Complex,
  Bradbourne Drive, Tilbrook,
  Milton Keynes MK 7 8BN, England,
  U.K.
  Phone: 1908-276000
  Facsimile: 1908-276010

THE UNITED STATES

- **MEIDEN AMERICA, INC.**
  27000 Meadowbrook Road,
  Meadowbrook Corporate Park,
  Suite #209, Novi, Michigan 48377,
  U.S.A.
  Phone: 248-305-9903
  Facsimile: 248-305-9904

CONSOLIDATED SUBSIDIARY COMPANIES

SHINKO SEISAKUSHO CO., LTD.
Capital ¥800 million
Manufacture, sales, and maintenance of communication equipment, peripherals and terminals
Kokuryu Shibakoen Building,
6-15, Shibakoen 2-chome,
Minato-ku, Tokyo 105-0011 Japan
Phone: 3-3436-1211 Fax: 3-3436-1881

MEIDEN SHOJI Co., Ltd.
Capital ¥300 million
Sales of electric products and components
Mitomi New Building, 20-18,
Ebisu 1-chome, Shibuya-ku,
Tokyo 150-0013 Japan
Phone: 3-5449-3700 Fax: 3-5449-3701

KOFU MEIDENSHA CORPORATION
Capital ¥200 million
Manufacture and sales of electric motors
15-11 Joto 3-chome, Kofu-shi,
Yamanashi 400-0861 Japan
Phone: 55-233-5161 Fax: 55-233-5171

Meiden Plant Engineering & Construction Co., Ltd.
Capital ¥130 million
Constructing service
Meiko Building, 5-5, Osaki 5-chome,
Shinagawa-ku, Tokyo 141-8616 Japan
Phone: 3-5487-6426 Fax: 3-5487-6487

MEIDEN CHEMICAL CO., LTD.
Capital ¥95 million
Insulating varnish and molded instrument transformer
1-17, Osaki 2-chome, Shinagawa-ku,
Tokyo 141-0032 Japan
Phone: 3-3492-5251 Fax: 3-3492-5280

Meiden Kohsan Co., Ltd.
Capital ¥100 million
Sales of products and materials, and agent service of insurance
Meiko Building, 5-5, Osaki 5-chome,
Shingawa-ku, Tokyo 141-8616 Japan
Phone: 3-3490-3737 Fax: 3-3490-3906

MEIDEN SOFTWARE CORPORATION
Capital ¥90 million
Engineering and programming of software
809, Oka-Isshikitorimachi, Numazu-shi,
Shizuoka 410-0012 Japan
Phone: 559-23-4966 Fax: 559-23-1191

MEIDEN FOUNDRY INDUSTRIAL Co., Ltd.
Capital ¥50 million
Casting
4, Nyogetsu, Heisaka-cho, Nishio-shi,
Aichi 444-0305 Japan
Phone: 563-59-6181 Fax: 563-59-4132

MEIDEN SYSTEM ENGINEERING Co., Ltd.
Capital ¥50 million
System engineering of plants
Meiko Building, 5-5, Osaki 5-chome,
Shingawa-ku, Tokyo 141-8616 Japan
Phone: 3-5487-6500 Fax: 3-5487-6516

Meiden Kankyo Service Co., Ltd.
Capital ¥30 million
Maintenance and control service of water treatment equipment
Meiko Building, 5-5, Osaki 5-chome,
Shinagawa-ku, Tokyo 141-8616 Japan
Phone: 3-3490-0630 Fax: 3-3490-0623

HOKUTO DENKO CORPORATION
Capital ¥25 million
Manufacture and sales of electric sensors
22-13, Himonya 4-chome, Meguro-ku,
Tokyo 152-0003 Japan
Phone: 3-3716-3235 Fax: 3-3793-8787

MEIDEN SYSCON Co., Ltd.
Capital ¥20 million
Manufacture and sales of switchgear and relays
726-1, Osuwa, Numazu-shi,
Shizuoka 410-0873 Japan
Phone: 559-24-4630 Fax: 559-22-4013

Meiden Kiden Kogyo Co., Ltd.
Capital ¥20 million
Machining and repairing service
127, Nishishinmachi,
Oota-shi, Gunma 373-0847 Japan
Phone: 276-20-6371 Fax: 276-32-7999

MEIDEN MEDIAFRONT CORPORATION
Capital ¥40 million
Printing and copy service
Maruki Building, 13-7, Nishigotanda 1-chome,
Shinagawa-ku, Tokyo 141-0031 Japan
Phone: 3-3490-4767 Fax: 3-3779-3083

Meiden Sheet Metal Products Corporation
Capital ¥90 million
Manufacture and sales of sheet metal
515, Kaminakamizo, Higashimakado-aza,
Numazu-shi, Shizuoka 410-0865 Japan
Phone: 559-29-5555 Fax: 559-29-5566

MEIDEN HOIST SYSTEM COMPANY, LTD.
Capital ¥400 million
Manufacture and sales of hoists
1-17, Osaki 2-chome, Shinagawa-ku, Tokyo
141-0032 Japan
Phone: 3-3492-1201 Fax: 3-3492-1943

MSA Co., Ltd.
Capital ¥400 million
Manufacture and sales of surge arresters
515, Kaminakamizo, Higashimakado-aza,
Numazu-shi, Shizuoka 410-0865 Japan
Phone: 559-29-4300 Fax: 559-29-4399

※ MEIDEN SINGAPORE PTE. LTD.
Capital S$10 million
Manufacture and sales of transformers, switchgears and circuit-breakers and related engineering and constructing service

※ THAI MEIDENSHA CO., LTD.
Capital TB10 million
Engineering and constructing service

※ MEIDEN ELECTRIC (THAILAND) LTD.
Capital TB70 million
Manufacture and sales of switchgears

※ P.T.MEIDEN ENGINEERING INDONESIA
Capital US$320 thousand
Engineering and constructing service

※ MEIDEN EUROPE LTD.
Capital £750 thousand
Sales of electric products and components

※ MEIDEN PACIFIC (CHINA) LTD.
Capital HK$10 million
Sales of electric products and components, and constructing service

Plus five domestic subsidiaries.

※ Please see page 37 to find contact information for overseas offices and affiliates.

Corporate Data

Corporate Name
MEIDENSHA CORPORATION
(Kabushiki Kaisha Meidensha)

Head Office
Riverside Building, 36-2,
Nihonbashi Hakozakicho,
Chuo-ku, Tokyo 103-8515 Japan

Founded
1897

Common Stock

Authorized	576,000,000 shares
Issued	246,252,704 shares
	¥17,070 million
	($161,038 thousand)

Shareholders
24,088

Transfer Agent
The Sumitomo Trust & Banking Co., Ltd.

Board of Directors

(As of June 25, 2004)

Chairman
Shigeo Seko

President
Keiji Kataoka

Executive Vice President
Koji Yano

Executive Vice President
Kensuke Ikuji

Executive Vice President
Masaaki Oishi

Executive Vice President
Masaoki Hino

Director and Senior Managing Executive Officer	*Kennosuke Goto*	
Directors	*Tetsuro Kawakami*	*Kenzo Nakamura*
Senior Corporate Auditors	*Tadashi Sanada*	*Shigeo Takeuchi*
Corporate Auditors	*Masayuki Tsubonoya*	*Nobuyuki Watanabe*

MEIDEN