新しい時代を元気にします
Empower for new days

Annual Report 2005

For the year ended March 31, 2005

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.

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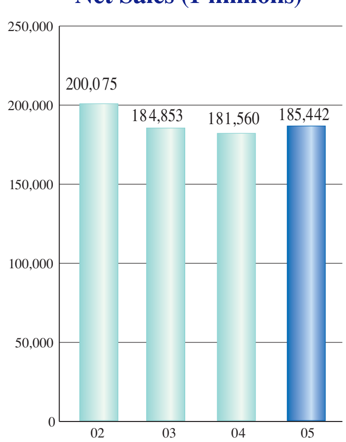
FINANCIAL HIGHLIGHTS

Years ended March 31

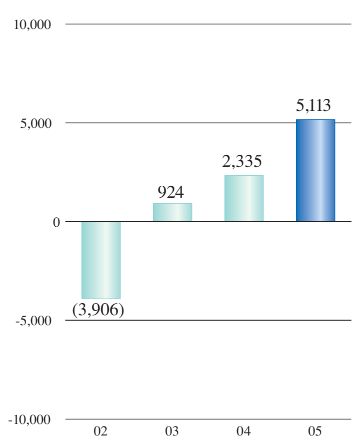
	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Net Sales	¥185,442	¥181,560	¥184,853	$1,733,103
Net Income	5,113	2,335	924	47,785
Net Income Per Share (yen, U.S. dollars)	22.33	10.14	4.58	0.21
Cash Dividends Paid	682	—	—	6,374
Total Assets	180,595	194,163	197,140	1,687,804
Number of Employees	6,662	7,278	7,465	—

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 ¥107 = U.S.$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market as of March 31, 2005. See Note 1 to Consolidated Financial Statements.

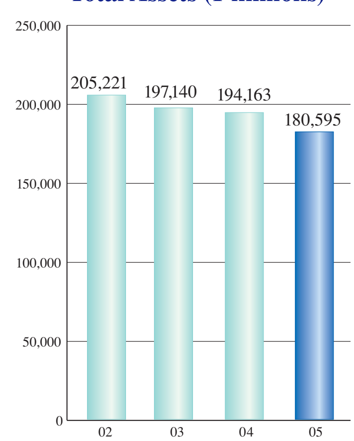
Net Sales (¥ millions)



Net Income (¥ millions)



Total Assets (¥ millions)



Message from Management

We, at Meidensha Corporation ("Meiden") and Consolidated Subsidiary Companies (collectively the "Meiden Group" or "Company"), share the philosophy: "Constantly in pursuit of 'Innovation for New Technologies' and in Contributing to the Well-being of Society at Large." Our basic principles are (1) to provide the best product experiences to customers through new and innovative technologies with the highest quality, (2) to focus on profitability and (3) to utilize our resources for the benefit of society. The Meiden Group product portfolio includes a wide spectrum of offerings: generators, substation equipment, electronic equipment and information & communications products. We not only offer such products but also provide optimal customer-driven solutions using such products for the benefit of customers. Our solutions business in Japan includes services such as engineering, operation, and the maintenance and management of facilities which contribute to the enhancement of the asset value of customers.

We also would like to drive our business growth as an engineering company.

Under these circumstances, the Company continues to implement the medium-term management plan, "Challenge and Create Plan," adopted in July 2003. 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 on the elimination of carry-over losses, resume dividends and maximize corporate value by improving financial shape;

Eliminating carry-over losses and resuming dividends were two of the biggest challenges at the Company we've had to face, but these issues were solved during fiscal 2003. We rebuilt the engineering and servicing operations, improved the financial shape of the Company, and reinforced group-wide strategy. These efforts have put the Company in better shape, where we aim to maximize group-wide corporate value.

(2) Reinforce new product and technology development, carry out product portfolio reviews and re-align existing products:

We will work hard to produce new and unique products which incorporate the needs of the customers and to develop new products and innovative technologies which are both unique and on the cutting edge of technology. We aim to produce a new product contribution rate in revenues for fiscal 2005 at around a range of 25%.

In order to reach this goal, the Company will reinforce R & D and new product business development, using our own resources. At the same time, we will promote joint research projects and investments to venture companies. We are also setting our eyes on M & A opportunities and on the forming of a joint venture. As well, we actively promote technical licensing opportunities from third parties, and with respect to the existing product portfolio, we will review our product offerings (restructuring and streamlining) after our review of the business model.

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

We have already implemented a reform of the salary and benefits scheme and the awarding system into the "Performance-oriented System." We are promoting a system under which associates who produce outstanding results will be recognized and rewarded. We would like to further improve our salary and benefits system, and the productivity of operations, by taking advantage of information technology. We will also seek to optimize our overall organization. This improved working environment will reinvigorate the overall Meiden Group. We aim to build a "Vibrant Meiden Group."

During the first half of fiscal 2004, the Japanese economy maintained its economic recovery phase driven by exports and capital investment increases as a result of the economic growth of the United States and China, and by the boom in digital home electric appliances. However, during the latter half of fiscal 2004, the Japanese economy showed signs of a slowdown and a sense of economic uncertainty in relation to the future prevailed, due to concerns over the economic slowdown in the United States, the increase in inventory levels of Japanese industry, and the rise of commodity prices.

Under these economic conditions, the Company made vigorous across-the-board efforts to boost sales. Sales for fiscal 2004 totalled 185,442 million yen (consolidated basis), or 2.1 % up from the previous fiscal year.

We made company-wide efforts to cut expenses, reduce costs, and raise productivity. As a result of these efforts, net income before taxes and adjustments was 10,913 million yen (consolidated basis) and net income was 5,112 million yen (consolidated basis).

A year-end dividend of 4 yen per share was declared, 1 yen per share up from the previous fiscal year.

Under these conditions, the Meiden Group is putting forth various actions following the basic policies of the Challenge and Create Plan, in effect since July 2003. As discussed above, the main objective of the Challenge and Create Plan is to secure stable profitability by changing business models and thereby producing higher corporate value. In order to reach this objective, we aim to improve capital efficiency, put the Company into better financial shape, develop new businesses, and dispose of underperforming businesses while restructuring existing businesses. We would like to invest our management resources into our core businesses and to reinforce our earning power.

In order to drive this Challenge and Create Plan forward as an organizational change, we established Social Infrastructure Systems Business Group in April 2004, by combining the Energy Business Group and Environmental Solutions Business Group.

By this reorganization, we aim to reinforce our engineering power, competitiveness within the market, as well as revenue growth. Following this change, we merged the Information & Communication Business Group into the Industrial Systems Business Group in June 2004. We combined the Information Technology product/component business (where the manufacturing operations and sales & engineering operations work together towards business growth) into the Industrial Systems Business Group as our focusing efforts. We are further promoting cost reductions as ways to enhance price competitiveness.

Under the Challenge and Create Plan, one other focus lies in the reinforcement of Group Strategy. We are actively promoting various measures and policies which solve each Group company's problems and improve overall efficiency within the Meiden Group. Such measures include the reorganization or selling of Group companies.

As part of this initiative, we sold the total holding shares of Shinko Seisakusho Co., Ltd., ("Shinko Seisakusho") which amounted to 62.5% of its shares in March 2005. Shinko Seisakusho's main products include computer terminal products (such as industrial printers) and products for the entertainment industry. Shinko Seisakusho had been a core company for the Information and Communication Sector of the Meiden Group. However, its computer terminal products are very much subject to wider seasonal demand fluctuations and Shinko Seisakusho needed to seek revenue growth in products for the entertainment industry. Due to this market change for Shinko Seisakusho, its product portfolio had less relevance within the Meiden Group Business. As such, we sold our entire shares of Shinko Seisakusho.

We also reinforced our new product and business development. As a related activity, we founded Meiden Ecopia Corporation ("Meiden Ecopia") in September 2004, the fifth start-up company from Meiden's Intrepreneurship Program called "M-Frontier." Meiden Ecopia offers consulting services and products in relation to environmental quality improvement and energy conservation.

With respect to alliances and technical transfers with other companies, we started a fully-owned surge arrester company called MSA Co., Ltd., in Numazu City, Shizuoka Prefecture in March 2004, and after our share-transfer, reestablished it as a joint venture with ABB K.K. in Japan (a subsidiary of Swiss-based ABB Ltd.) in April 2004. We also seek to actively promote alliances and technical transfer agreements with other companies.

With respect to overseas business operations, in addition to our core markets in the Southeast Asian Market, we are actively promoting alliances and building business bases in North America and China, where we aim to increase overseas business revenue. As a related measure taken during fiscal 2004, we established the "China Business Development Office (CBDO)" within the International Business Unit in April 2004, to accelerate business developments in China. Utilizing our available resources including CBDO, we would like to strengthen our global business strategy.

On other business, we are proceeding with an office and commercial building construction project as a joint undertaking with World Trade Center Building, Inc., a Tokyo-based company. The main objective of this project, the "Osaki West Exit Area Development Project (Tentative Name)," is to make best use of the land asset so that it will best contribute to the revenue growth and brand royalty of the Company. Under the current plan, the new building will be constructed in Osaki, Tokyo by August 2007 and will be an office and commercial building with 30-story and 2 basements.

We ask every shareholder as well as our customers and business partners to continue giving us your continuous guidance and advice.

Shigeo Seko, Chairman

Keiji Kataoka, President

Energy Sector

Biogas Power Generating System

Wind Power System in Nanao City, Ishikawa Prefecture

PCS for NAS Batteries

Meidensha Corporation is promoting various operations in support of a sustainable and energy efficient society. In order to reduce the volume of carbon emissions, we are promoting the use of renewable energy. We are also actively developing energy saving, labor-saving and cost-saving systems.

With respect to the use of renewable energy, we have delivered 8 units of 1500kW wind power systems across Japan. We are planning to introduce a 2000kW model in fiscal 2005 and promote the procurement of tower from Korea to reduce the overall costs.

Regarding the use of biomass energy, we are field testing the fuel cell power generation system using methane gas from livestock (pig and cow) waste as fuel. We are also developing a methane gas application as a fuel for use in a fuel cell system. Under this system, the methane gas produced in the processing of sludge from waste water treatment plants will be put into tanks for the condensation, to be formed into hydrogen gas to be used as a fuel for the fuel cell system.

With respect to distributed power supply systems, we developed a new power conditioning system (PCS) which compensates for the frequency and voltage fluctuations of the distributed power and keeps these parameter values constant. In these distributed power systems, the electric grids will be operated with the increasing number of power generation systems that distribute energy, like solar power and wind power in the future. These renewable energy sources have the tendency to fluctuate in power output, being sources of natural power. Our PCS is addressing this issue.

Concerning new products, we developed and commercialized a 6.6kV 2000kVA electric double layer capacitor (EDLC) called “M-CAP.” EDLC is a clean energy storage product and can be used as a high voltage dynamic voltage compensator (DVC) which can supply power to prevent power interruptions by discharging the stored electric energy in the capacitor in the event of any short power outages.

Our EDLC demonstrated its DVC capability by preventing voltage drops in several cases at the customer’s factory, and is working continuously. As the application of EDLC in a large capacity high voltage DVC system, this is the world’s first. As an application of EDLC, we developed a system to reduce voltage fluctuations of the traction power line by absorbing any voltage fluctuations by EDLCs.

With respect to the waterworks and sewage treatment facilities (WSTF) business, our focus on development and sales lie in three areas: (1) to promote the new product supply and an update of the legacy facilities (2) to enhance facility management system products and (3) to promote the recycling of the waste produced (such as sludge) employing carbonizing processing.

In supervisory control technology, we have developed and delivered a supervisory control system called "OPS9900" for large scale WSTFs. This system has the largest offering of monitoring and control points in our offered system comparison.

With respect to the WSTF management solution business, we developed the facility WSTF facility management system called "ASPAC-∑," which enhanced features for efficient facility management, such as facility maintenance planning software, as well as procurement management and inventory control capabilities.

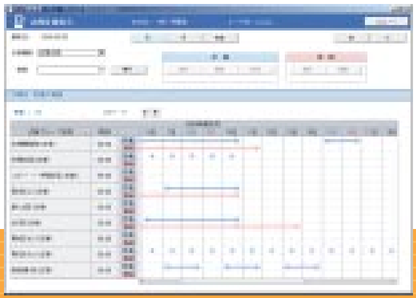
Using our simulator for analyzing the water treatment process at sewage treatment plants on the basis of the water quality data of subject water treatment plants, we developed an optimal operation mode which allows the production of stable water treatment and optimum power savings. For further improvement of facility operations, we are also developing an auto control mode and the technology to determine the control parameters involved.

Regarding the use of biomass energy, we supplied a microturbine generation system using the digester gas from sewage sludge as a fuel. This was the first installation case in Japan.

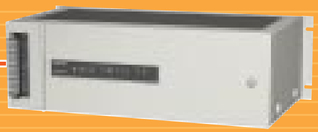
With respect to product offerings for waterworks, we have improved functions of our water supply network analysis system providing instructions on how to manage water supply volume unbalances, water shortages, and no water situations.

Another noteworthy new product release is the inside panel corrosive gas removal product using high-capacity photocatalytic filters.

Environmental Sector



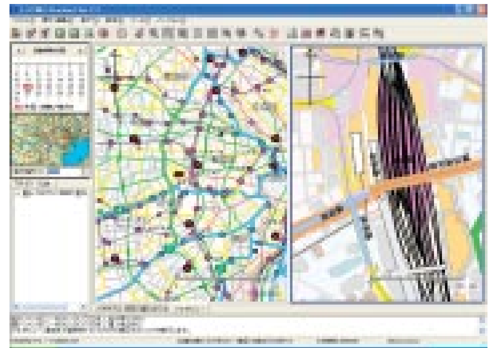
ASPAC–∑ Formulating Plants Screen



Removal of Corrosive Gases

Biogas Generating System

Industrial Controller, µPIBOC–I



Spatio-Temporal Information Management System, J–STIMS Ver.2

Info and Communications Sector

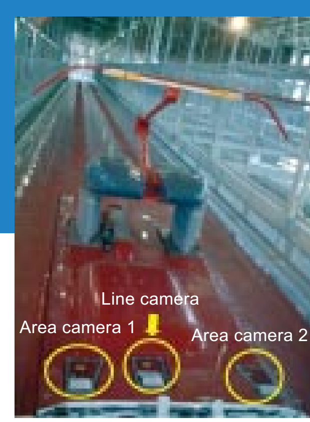
Meidensha Corporation is producing heavy-duty and highly reliable information and communications equipment and is a supplier of related individual units. We also promote an IT technology-based solutions business.

With respect to Information and Communications products, we developed a new µPIBOC-I Model 800 industrial controller featuring a disk mirroring system and a DVD combo drive. We have also developed a wall-hung model. Our newly developed µPIBOC-C2 is capable of running at an operating temperature of 55°C, without a cooling fan, and can use 100V AC power. These features broaden its applications in the industrial controller markets.

With respect to geographic information systems (GISs), we enhanced the performance of our GIS-based Spatio-Temporal Information Management System (J-STIMS) in relation to the management capability of geodata changes over time and improved system programming tools. We also developed a "GPS Express" system combining a global positioning system (GPS) with a Linux-based embedded PC, to provide highly accurate measurement capability. This has added various capabilities that are unavailable with conventional GPS systems. This means more efficient location surveying, operation management of mobile vehicles like cars and trucks, the security management of people, and so on.

In the area of image processing technology, we have developed a product that uses train on-board cameras to identify abnormalities in the alignment between pantographs and trolley lines using the graphical image analysis of the captured images. This product was delivered to the Shinkansen "Bullet Train" in Kyushu. The product has made it possible to conduct overhead contact system inspections during normal train business operating hours using normal trains, instead of specially dedicated trains for overhead contact system inspections.

GPS Express



Camera Sensor

Industrial Systems Sector

Meidensha Corporation is developing an electromotive power applications and logistics solutions businesses.

In the industrial motor market, there are many applications using the permanent magnet synchronous motor (PM motor) since it is highly efficient and energy saving and has the potential for a more compact design. We are developing PM motors and are improving our product portfolio of variable speed systems which combines the inverter and PM motors. We have developed a new 500kW "GORIKI Series" PM servo motor, up from the 200kW model.

In the field of gearless traction elevator systems, we have made a slim gearless traction machine with PM motor, allowing a minimal traction machine installation space and machine room-less configuration. We supplied many such slim gearless traction machines with PM motor for machine room-less solutions.

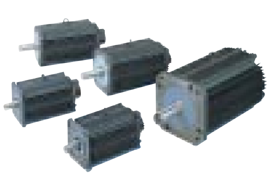
With respect to the textiles industry, we developed a compact type THYFREC-VT630MS unit for the Chinese Textile Market.

With respect to induction heating systems, we shipped two units of 250kHz, 800kW induction heating systems, of which capacity is the largest class within the Japanese market.

With regard to dynamometers, we are developing high-output, high-torque dynamometers. We constructed a Dynamometer Systems R & D Laboratory at our MEIDEN Ohta Works, Gunma Prefecture, Japan. This new facility will enhance our field-testing capability of new systems and can undertake many performance tests of our dynamometer products.

With respect to logistics systems, we have supplied many laser-guided automatic guided vehicles (AGV). In the field of logistics system solutions business, we have developed new warehouse management system (WMS) software to increase productivity in the warehousing business. We received the first order for this new WMS software-based solution.

PM Servo Drive, GORIKI Series



PM Servo Motor

PM Servo Driver, THYFREC–PMD410

Dynamometer Systems Research and Development Building

Inverter for Synthetic Fiber Machine, THYFREC–VT630MS

AGV for Axle Housing

Chassis Dynamometer

Medical and Welfare Sector

With respect to our "Digital Maternity Hospital System (DMHS), " we developed a new DMHS featuring our signature dual monitor clinical station with such maternity hospital-specific applications like baby due date calculation software, pregnancy calendars, etc. In other digital hospital applications, we have also developed a system for pay nursing homes, called "Senior Citizen's House Management System," with management functions such as patient management, individual medical care management, meal management, nursing home accounting, and staff worker management systems, etc.

IT System for Obstetrics

Maintenance Sector

Recording System of Using Energy

We are developing maintenance technologies and products necessary for facility maintenance management and we are providing associated energy-saving products. We have developed remote maintenance systems for facility maintenance, as well as new products including a low cost system for measuring and data-logging the energy consumption of factories. We are also promoting the business of extending facility life by conducting product life analysis and performing timely maintenance.

Overseas Operations

Computer System MEIDACS-DY600P for an Automotive Simulation System

During the fiscal year 2004 the global economy saw a over 4% growth driven by the substantial tax cut in the United States and the further integration of China in the world economy. The rise of oil prices produced an adverse impact and remained volatile. The East Asian Market, which is Meidensha Corporation's major market, showed the stable over 6% growth spurred by the export, private consumption and investment. The tragic tsunami incident in December had little impact on the region's growth.

In the US power sector, it saw a more than 2% increase in the demand for electricity. There was a same level growth in power generation brought by the new installation of gas-fired power plants and the more efficient operation of nuclear power plant and its upgrades.

In the automotive market in the US, which has a big impact on our dynamometer systems sales, the industry saw the soaring gas prices hurt the demand for the largest sedans and big truck-based sport utility vehicles and there was an increasingly high demand for mid-size and smaller fuel-efficient vehicles. The US auto sales of fiscal year 2004 were at the level of 16 million vehicles.

The major products ordered in the fiscal year 2004 were as follows:

In the field of substations, we received orders for 23 units of mobile substations from a power utility in the Middle East.

In the power generation field, GE Aero Energy Products in Texas placed orders for 14 units of generator for GE LM6000 gas turbine. We received an order for 2 units of gas turbine generator for Powertron Resource Sdn. Bhd., an independent power provider in Malaysia.

In the North American market, a Japanese major automobile manufacturer placed orders for engine driven transmission test system and simulation system for its technical center.

Braking Resistor Unit for Traction Substation

As for Asian market of automobile dynamometers, we received an order for dynamometer systems to a major Japanese auto maker's technical center in Thailand.

The major products manufactured and shipped during fiscal year 2004 were as follows:

In the field of electric railroad substations, we supplied and installed traction substations for Civil Aviation Authority, Singapore. We also shipped AC power supply units for traction substations for Taiwan High Speed Train Project ("Taiwan Shinkansen Project") by Taiwan High Speed Rail Corporation.

In the dynamometer field in the North America, we supplied and installed engine driven transmission test system and simulation system for a Japanese automaker's technical center.

As for Asian market of automobile dynamometers, we supplied dynamometer systems to a major Japanese auto maker's technical center in Thailand.

Another noteworthy events in our overseas operations, we established Meiden Asia Pte. Ltd. in April, 2004 in Singapore to oversee the management of Asian MEIDEN Group companies and to assist the engineering services in the region. Further, we renamed SP System Pte. Ltd. as Meiden Power Solutions (Singapore) Pte. Ltd. in January 2005. Meiden Power Solutions (Singapore) Pte. Ltd. is a dynamic voltage compensator manufacturing company which we acquired from Singapore Power Pte. Ltd., Singapore in February 2004.

Dynamic Voltage Compensator

R & D Review

Development of High-Purity Continuous Ozone Generator

We have developed a high-purity continuous ozone generator (Pure Ozone Generator MPOG-SM2D1) applicable to semiconductor mass production process systems (Fig.1). The generator, with dimensions of W900 × H1800 × D700 mm, is able to continually generate high-purity ozone at a flow rate of 100sccm. The unit also incorporates fail-safe safety and automatic operation functions, already employed in the compact unit used for research purposes.

This project was commissioned by the New Energy and Industrial Technology Development Organization (NEDO) as part of its Key Technological Research Promotion program.

Fig. 1 High-Purity Continuous Ozone Generator

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

EDLC type dynamic voltage compensators are highly durable with repeated charging and discharging, deliver high output, and are easy to maintain. We have exploited these characteristics in developing two types of dynamic voltage compensators in a joint project with Chubu Electric Power Co. Table 1 shows the specifications of the units, and Figs. 2 and 3 show exterior views. Maintenance costs have been cut through the use of capacitors, the employment of a normally ON commercial power supply system has enabled the achievement of a higher level of efficiency in commercial operation, and both units feature high-speed switching. In addition, the units offer a choice, depending on the nature of the application. The high-capacity 2000kVA unit can instantaneously supply a high load, such as might be required by a factory, etc.; the 50kVA unit can provide compensation for 60 sec. At present, both units are undergoing field tests, and have provided power supply compensation several times. In the future we will expand the range of units and increase their commercial availability.

Fig.2
2000kVA 2 sec
Dynamic Voltage
Compensator

Fig.3
50kVA 60 sec
Dynamic Voltage
Compensator

Table 1 Specifications of Capacitor-type Dynamic Voltage Compensators

Item	Equipment specification	
Capacity/Compensation time	2000kVA, 2 sec	50kVA, 60 sec
Input/Output	3-phase 6600V	3-phase 210V (can be set within 200-220V range)
Circuit system Switching time when power fails	Constantly on commercial power supply system Switching without instantaneous shutdown (switching time less than 0.002 sec)	
Efficiency	More than 98% (during commercial operation)	More than 97% (during commercial operation)
Storage system	Electric double-layer capacitors	
Dimensions	W13.5×H3.4×D2.9 m	W2.6×H2.0×D0.8 m
Mass	33 t	1600 kg
Use environment	Installation: Outdoors Temperature range: 10°C to +40°C	

FINANCIAL SECTION

CONSOLIDATED FINANCIAL REVIEW

Outline of Profits and Losses

During this consolidated fiscal year, the Japanese economy maintained its upward momentum in the first half, driven by exports and capital investment due to positive overseas business trends in the United States and China together with a surge in digital home appliances. In the second half, however, concern over a slowdown in the United States economy, increased inventory, and sharp rises in resource prices brought a continuing slowdown, and there is a growing mood of uncertainty regarding the future.

Net sales totaled 185,442 million yen, a 2.1% increase over the previous term. Business sector-based net sales stood at 49.2% for the Social Intrastructure Systems Sector, 34.4% for the Industrial Systems Sector, 8.6% for the Engineering Sector, and 7.8% for Others.

The cost of sales totaled 142,617 million yen, a 1.0% increase over the previous term. Selling, general and administrative expenses totalled 35,014 million yen, a 0.2% decrease. Operating income, therefore, stood at 7,811 million yen.

The final result was a net income of 5,113 million yen for this term.

Financial Conditions

Total assets at the end of March 2005 amounted to 180,595 million yen, a decrease of 13,568 million yen. As a result of decreased Inventories, current assets stood at 109,347 million yen, a decrease of 5,517 million yen. Property, plant and equipment amounted to 35,838 million yen, an decrease of 7,377 million yen. Total current liabilities amounted to 92,252 million yen, a decrease of 19,224 million yen, and shareholders' equity stood at 52,821 million yen, an increase of 5,052 million yen. As a result, the shareholder capital ratio increased 4.7 points from 24.6% to 29.3%.

FIVE-YEAR SUMMARY

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31

	Millions of yen				
	2005	2004	2003	2002	2001
Net sales	¥185,442	¥181,560	¥184,853	¥200,075	¥196,983
Net income (loss)	5,113	2,335	924	(3,906)	(2,645)
Net income (loss) per share (Yen)	22.33	10.14	4.58	(19.34)	(13.09)
Cash dividends paid	682	—	—	—	—
Depreciation and amortization		4,262	4,921	4,861	5,102
Total assets	180,595	194,163	197,140	205,221	212,105
Net property, plant and equipment	35,838	43,215	40,406	40,899	39,496
Shareholders' equity per share (Yen)	232.19	209.91	182.36	176.74	192.50

Social Infrastructure Systems

This segment includes business related to the construction of social infrastructure. We provide solution services of all kinds in relation to electric power quality, energy conservation, and related matters, and we engage in the manufacturing and marketing of all types of electrical equipment involved in power generation, transmission, transforming, distribution, and other related functions, for power companies, government and other public agencies and offices, railroads, highways, private facilities, and other such establishments.

We are also involved in the field of water supply and sewerage treatment for local governments. Our activities include manufacturing and marketing products for the control of treatment equipment and processes of all kinds, and for the improvement of IT networks. We are further developing environmental solution services that include contracting for the maintenance management of water treatment plants, environmental recycling, and so on.

Industrial Systems

This segment includes business operations related to product systems used in the manufacturing industry, IT, and other general industry operations. In addition to providing private industry with power substations, motor vehicle testing systems, and physical distribution systems, we engage in the manufacture and marketing of motors, inverters, and other products for use in textile machinery, elevators, and other such equipment.

We are active in the information and telecommunications field, manufacturing and marketing component products for industrial computer and networking systems. We also provide IT solutions in an effort to promote the greater operational sophistication and efficiency of corporations and local governments through the use of IT.

Engineering Systems

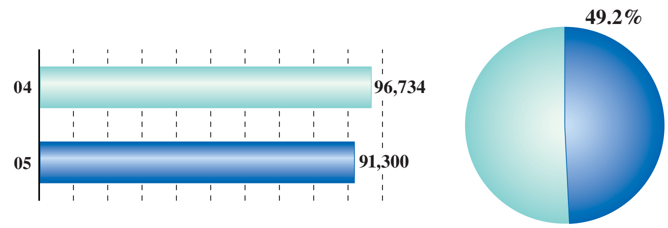
This segment provides services relating to the remote management and monitoring of facilities and the proposal of measures for extending the life of facilities, energy conservation, and other such services related primarily to the maintenance of products we supply. We also engage in the maintenance of semiconductor manufacturing equipment and the reconditioning of used manufacturing equipment.

Others

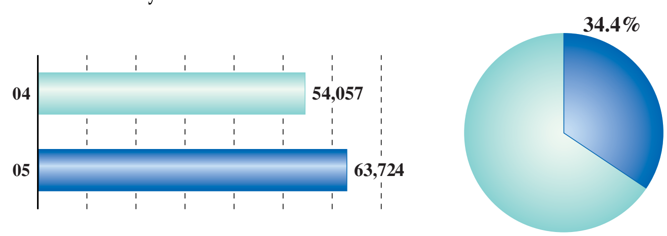
This segment includes marketing companies not tied to specific business fields, and companies that contract accounting, payroll, and other administrative functions, as well as welfare services for employees.

(Millions of yen)

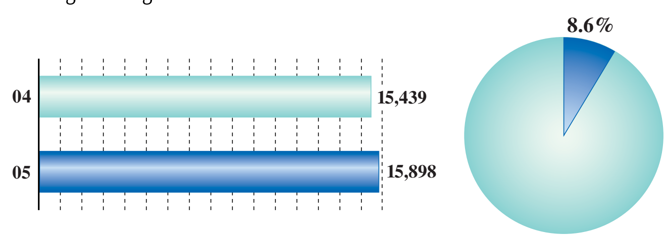
Social Infrastructure Systems



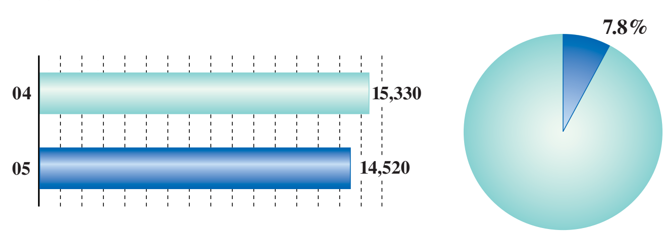
Industrial Systems



Engineering



Others



CONSOLIDATED BALANCE SHEETS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Assets			
Current assets:			
Cash and time deposits (Note 15)	¥10,892	¥9,255	$101,794
Marketable securities (Note 3 and 15)	153	409	1,430
Receivables:			
Trade notes	5,795	6,047	54,159
Trade accounts	53,986	60,197	504,542
Loans and advances	1,525	812	14,252
Due from unconsolidated subsidiaries and affiliates	7,156	1,527	66,879
Allowance for doubtful accounts	(478)	(203)	(4,467)
Inventories (Note 4)	21,392	27,116	199,925
Deferred income taxes (Note 14)	3,740	4,143	34,953
Other current assets	5,186	5,561	48,468
Total current assets	109,347	114,864	1,021,935
Property, plant and equipment (Note 7):			
Land	8,083	11,772	75,543
Buildings and structures	42,008	43,497	392,598
Machinery and equipment	56,116	64,623	524,449
Construction in progress	887	1,413	8,290
Less: Accumulated depreciation	(71,256)	(79,249)	(665,945)
	35,838	42,056	334,935
Investment and other assets:			
Investment securities (Notes 3 and 7)	17,723	16,163	165,636
Investments in unconsolidated subsidiaries and affiliates (Note 3)	9,857	11,267	92,121
Long-term loans	125	169	1,168
Deferred income taxes (Note 14)	—	4,058	—
Other assets (Note 7)	7,773	5,924	72,645
Allowance for doubtful accounts	(68)	(338)	(636)
	35,410	37,243	330,934
	¥180,595	**¥194,163**	**$1,687,804**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings (Notes 5 and 7)	¥15,872	¥34,184	$148,336
Current portion of long-term debt (Notes 6 and 7)	4,726	5,264	44,168
Payables:			
Trade notes	10,357	11,236	96,794
Trade accounts	21,274	24,923	198,822
Due to unconsolidated subsidiaries and affiliates	6,120	5,462	57,196
Advances received from customers	10,889	9,646	101,767
Accrued income taxes	470	238	4,393
Accrued bonuses	4,178	4,482	39,047
Other current liabilities	18,366	16,041	171,645
Total current liabilities	92,252	111,476	862,168
Long-term debt (Notes 6 and 7)	16,510	14,432	154,299
Employees' severance and retirement benefits (Note 8)	15,347	17,377	143,430
Reserve for retirement allowance for directors and corporate auditors	682	581	6,374
Deferred income taxes (Note 14)	716	—	6,692
Deferred income tax on revaluation reserve for land	—	469	—
Other long-term liabilities	603	58	5,636
Minority interests	1,664	2,001	15,551
Contingent liabilities (Note 10)			
Shareholders' equity (Note 9):			
Common stock	17,070	17,070	159,533
Authorized — 576,000,000 shares			
Issued and outstanding — 246,252,704 shares			
Capital surplus	14,362	14,362	134,224
Retained earnings	17,550	13,148	164,019
Revaluation reserve for land, net of tax	—	433	—
Net unrealized holding gains on securities	5,419	4,299	50,645
Foreign currency translation adjustment	(409)	(394)	(3,823)
Less: Treasury stock	(1,171)	(1,149)	(10,944)
Total shareholders' equity	52,821	47,769	493,654
	¥180,595	**¥194,163**	**$1,687,804**

Consolidated Statements of Income

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2005
Net sales (Note 13)	**¥185,442**	**¥181,560**	**¥184,853**	**$1,733,103**
Cost of sales (Notes 12 and 13)	142,617	141,187	145,113	1,332,869
Selling, general and administrative expenses (Notes 12 and 13)	35,014	35,068	36,322	327,234
Operating income	**7,811**	**5,305**	**3,418**	**73,000**
Other income (expenses):				
Interest and dividend income	417	545	420	3,897
Interest expense	(701)	(907)	(1,020)	(6,551)
Equity in net loss of affiliated companies	(1,626)	(127)	(158)	(15,196)
Gains on sales of marketable securities and investment securities	5	971	4	47
Write-down of securities	(72)	(1)	(2,633)	(673)
Loss on disposal of inventories	(1,556)	(404)	—	(14,542)
Loss on disposal of fixed assets	(911)	(191)	(134)	(8,514)
Gain on sales of property, plant and equipment	12,080	23	8	112,897
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 of government Welfare Pension Insurance Scheme (Notes 2 and 8)	825	225	—	7,710
Development expenses for the district around Osaki station west exit	(2,289)	—	—	(21,393)
Others	(2,996)	(1,223)	(2,968)	(28,000)
Income before income taxes and minority interests	**10,987**	**4,216**	**1,003**	**102,682**
Income taxes (Note 14):				
Current	1,165	347	858	10,888
Deferred	4,232	1,183	(901)	39,551
	5,397	1,530	(43)	50,439
Minority interests	477	351	122	4,458
Net income	**¥5,113**	**¥2,335**	**¥924**	**$47,785**

	Yen			U.S. dollars (Note 1)
	2005	2004	2003	2005
Amounts per share of common stock (Note 2):				
Net income	¥22.33	¥10.14	¥4.58	$0.21
Cash dividends applicable to the year	4.00	3.00	—	0.04

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2005, 2004 and 2003

	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, 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)
Net income	—	—	—	5,113	—	—	—	—
Cash dividends	—	—	—	(682)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(29)	—	—	—	—
Decrease due to reduction of consolidated subsidiary	—	—	—	—	(433)	(0)	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	(15)	—
Increase in treasury stock	—	—	—	—	—	—	—	(22)
Increase in net unrealized holding gains on securities	—	—	—	—	—	1,120	—	—
Balance at March 31, 2005	246,252,704	¥17,070	¥14,362	¥17,550	—	¥5,419	¥(409)	¥(1,171)

	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, 2004	246,252,704	$159,533	$134,224	$122,879	$4,047	$40,178	$(3,682)	$(10,738)
Net income	—	—	—	47,785	—	—	—	—
Cash dividends	—	—	—	(6,374)	—	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(271)	—	—	—	—
Decrease due to reduction of consolidated subsidiary	—	—	—	—	(4,047)	(0)	—	—
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	(141)	—
Increase in treasury stock	—	—	—	—	—	—	—	(206)
Increase in net unrealized holding gains on securities	—	—	—	—	—	10,467	—	—
Balance at March 31, 2005	246,252,704	$159,533	$134,224	$164,019	—	$50,645	$(3,823)	$(10,944)

CONSOLIDATED STATEMENTS OF CASH FLOWS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2005
Operating activities:				
Income before income taxes and minority interests	¥10,987	¥4,216	¥1,003	$102,682
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	3,906	4,262	4,921	36,505
Increase in allowances	1,239	2,078	894	11,580
Interest and dividends income	(417)	(545)	(420)	(3,897)
Equity in net loss of affiliated companies	1,626	127	158	15,196
Interest expense	701	907	1,020	6,551
Gains on sales of investment securities	(5)	(971)	–	(47)
Gains on sales of property, plant and equipment	(12,080)	(23)	(2)	(112,897)
Loss on disposal of fixed assets	911	191	134	8,514
Gain from division of corporation	–	–	(7,263)	–
Loss from division of corporation	–	–	3,197	–
Write-down of securities	73	1	2,633	682
Merger expense	–	25	118	–
Decrease (increase) in receivables	(138)	1,318	10,474	(1,290)
Decrease (increase) in inventories	3,613	(185)	(1,744)	33,766
Increase (decrease) in payables	(515)	(3,996)	2,494	(4,813)
Other-net	1,994	1,865	(2,883)	18,636
Sub-total	11,895	9,270	14,734	111,168
Interest and dividend received	424	566	422	3,963
Interest expense paid	(694)	(907)	(1,042)	(6,486)
Income taxes paid	167	(544)	(480)	1,561
Merger expense paid	–	(25)	(101)	–
Net cash provided by operating activities	11,792	8,360	13,533	110,206
Investing activities:				
Acquisition of marketable securities and investment securities	(653)	(650)	(779)	(6,103)
Proceeds from sales of marketable securities and investment securities	966	3,580	983	9,028
Additions to property, plant and equipment	(3,691)	(4,375)	(8,801)	(34,495)
Proceeds from sales of property, plant and equipment	13,291	93	34	124,215
Proceeds from sales of securities issued by subsidiaries which caused the change of consolidation scope	(411)	–	(306)	(3,841)
Other-net	(2,270)	(646)	10	(21,215)
Net cash provided by (used in) investing activities	7,232	(1,998)	(8,859)	67,589
Financing activities:				
Decrease in short-term bank loans	(18,253)	(10,135)	(2,137)	(170,589)
Proceeds from long-term debt	9,610	9,579	2,744	89,813
Repayment of long-term debt	(6,819)	(6,984)	(9,179)	(63,729)
Cash dividends paid	(673)	–	–	(6,290)
Other-net	(1,090)	(453)	(1,273)	(10,186)
Net cash used in financing activities	(17,225)	(7,993)	(9,845)	(160,981)
Effects of exchange rate changes on cash	(10)	(33)	(22)	(94)
Net increase (decrease) in cash and cash equivalents	1,789	(1,664)	(5,193)	16,720
Cash and cash equivalents at beginning of year	9,255	10,919	15,581	86,495
Increase due to change in consolidated subsidiaries	–	–	531	–
Cash and cash equivalents at end of year (Note 15)	¥11,044	¥9,255	¥10,919	$103,215

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MEIDENSHA CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2005, 2004 and 2003

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 ("Japanese GAAP"), 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.

In the year ended March 31, 2005, 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). The new accounting standards are to be adopted effective April 1, 2005. The Company and its consolidated subsidiaries cannot currently estimate the effects of adopting the new accounting standards, because they have not yet completed their analyses.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2005, which was ¥107 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 29 consolidated subsidiaries in 2005 (28 in 2004 and 28 in 2003). All significant intercompany accounts and transactions have been eliminated in consolidation. The Company's remaining subsidiaries, whose total assets, sales, net income and retained earnings 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 years ended March 31, 2005, 2004 and 2003.

Investments in five affiliated companies are accounted for by the equity method in 2005 and 2004, and investments in an affiliated company are accounted for by the equity method in 2003. 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

Securities are classified based on the intent of holding 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 non-consolidated subsidiaries and affiliated companies, or (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Company and its consolidated 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 with no available fair marker values 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 unless the declines are considered temporary. 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 unless the decline is considered as recoverable.

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.

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 corresponding 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) 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.

h) 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 non-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 a 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, 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.

On October 1, 2004, the Company and some domestic consolidated subsidiaries received approval from the Minister of Health, Labor and Welfare with respect to transfer of the substitutional portion of the benefit obligation and related pension plan assets funded in previous years, and on March 16, 2005, transferred the related portion of the liability reserves to the Japanese government. As a result, the Company and some domestic consolidated subsidiaries recognized a gain of ¥826 million ($ 7,720 thousand) for the year ended March 31, 2005 as the difference between the estimated amount of the transfer and the actual balance transferred.

i) 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.

The Company and some subsidiaries adopted consolidated tax return system.

j) Amounts Per Share of Common Stock

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

For the years ended March 31, 2005, 2004 and 2003, 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 respective years.

k) 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.

l) Reclassifications

Certain prior years' amounts have been reclassified to conform to 2005 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, 2005 and 2004.

(a) Available-for-sale securities;

	Millions of yen		
2005	Acquisition cost	Book value	Difference
Securities with book value (fair value) exceeding acquisition cost:			
Equity securities	¥7,266	¥16,296	¥9,030
Others	2	3	1
Total	¥7,268	¥16,299	¥9,031
Securities with book value (fair value) not exceeding acquisition cost:			
Equity securities	¥709	¥672	¥(37)
Bonds	100	92	(8)
Total	¥809	¥764	¥(45)

	Millions of yen		
2004	Acquisition cost	Book value	Difference
Securities with book value (fair value) exceeding acquisition cost:			
Equity securities	¥7,357	¥14,574	¥7,217
Bonds	517	531	14
Total	¥7,874	¥15,105	¥7,231
Securities with book value (fair value) not exceeding acquisition cost:			
Equity securities	¥635	¥543	¥(92)
Bonds	110	100	(10)
Total	¥745	¥643	¥(102)

	Thousands of U.S. dollars		
2005	Acquisition cost	Book value	Difference
Securities with book value (fair value) exceeding acquisition cost:			
Equity securities	$67,906	$152,299	$84,393
Others	19	28	9
Total	$67,925	$152,327	$84,402
Securities with book value (fair value) not exceeding acquisition cost:			
Equity securities	$6,626	$6,280	$(346)
Bonds	935	860	(75)
Total	$7,561	$7,140	$(421)

B. The following table summarizes book values of securities with no fair value as of March 31, 2005 and 2004.

(a) Available-for-sale securities;	Book value		
	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Non-listed foreign securities	¥152	¥108	$1,420
Non-listed equity securities	659	715	6,159
Others	1	1	10
Total	¥812	¥824	$7,589

(b) Equity securities issued by subsidiaries and affiliated companies;	Book value		
	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Non-listed securities for subsidiaries	¥833	¥635	$7,785
Non-listed securities for affiliated companies	9,024	10,632	84,336
Total	¥9,857	¥11,267	$92,121

C. Maturities of available-for-sale securities with maturities as of March 31, 2005 and 2004.

	Millions of yen			
Year ended March 31, 2005	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	¥153	—	—	¥100

	Millions of yen			
Year ended March 31, 2004	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

	Thousands of U.S. dollars			
Year ended March 31, 2005	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds	$1,430	—	—	$935

D. Total sales amounts of available-for-sale securities sold, gains and losses, in the years ended March 31, 2005, 2004 and 2003 are follows:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Sales amount	¥534	¥3,752	¥362	$4,991
Gains	9	971	4	84
Losses	0	31	63	0

4. Inventories

Inventories as of March 31, 2005 and 2004 were as follows.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Finished products	¥1,442	¥1,954	$13,477
Semi-finished products	3,593	3,370	33,579
Work-in-process	15,183	19,941	141,897
Materials and supplies	1,174	1,851	10,972
Total	¥21,392	¥27,116	$199,925

5. Short-Term Borrowings

Short-term borrowings are bank loans and represented by notes. The weighted average interest rate was 1.0% as of March 31, 2005 and 1.2% as of March 31, 2004.

6. Long-Term Debt

Long-term debt as of March 31, 2005 and 2004 consisted of the following.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
0.6% to 2.8% loans from banks and insurance companies	¥21,236	¥19,696	$198,466
Less: Current portion	(4,726)	(5,264)	(44,168)
Total	¥16,510	¥14,432	$154,299

The annual maturities of long-term debts as of March 31, 2005 were as follows.

	Millions of yen	Thousands of U.S. dollars
Year ended March 31		
2006	¥4,726	$44,168
2007	6,197	57,916
2008	1,155	10,794
2009	1,363	12,738
2010	862	8,056
2011 and thereafter	6,933	64,795

7. Pledged Assets

The following assets were pledged as collateral at March 31, 2005 and 2004.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Buildings and structures less related accumulated depreciation	¥—	¥542	$—
Machinery and equipment less related accumulated depreciation	—	63	—
Land	1,479	2,627	13,822
Investment securities	16	3,403	150
Construction in progress	531	—	4,963
Others	—	39	—
Total	**¥2,026**	**¥6,674**	**$18,935**

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

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Short-term borrowings	¥—	¥2,325	$—
Long-term debt	8,400	2,500	78,505
Total	**¥8,400**	**¥4,825**	**$78,505**

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, 2005 and 2004 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Projected benefit obligation	¥48,710	¥52,100	$455,234
Unrecognized prior service costs	4,203	2,443	39,280
Unrecognized actuarial differences	(4,713)	(4,488)	(44,047)
Less fair value of pension assets	(15,882)	(13,225)	(148,430)
Less unrecognized net transition obligation	(16,971)	(19,453)	(158,607)
Liability for severance and retirement benefits	¥15,347	¥17,377	$143,430

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. On October 1, 2004, the Company and some domestic consolidated subsidiaries received approval from the Minister of Health, Labor and Welfare with respect to transfer of the substitutional portion of the benefit obligation and related pension plan assets funded in previous years, and on March 16, 2005, transferred the related portion of the liability reserves to the Japanese government. As a result, the Company and some domestic consolidated subsidiaries recognized a gain of ¥826 million ($ 7,720 thousand) for the year ended March 31, 2005 as the difference between the estimated amount of the transfer and the actual balance transferred.

3. The Company introduced a new performance-based retirement benefit plan, and revised its retirement allowance rules on October 1, 2005.

As a result of this revision, the projected benefit obligation decreased by 2,114 million and prior service costs have occurred in the same amount.

4. The prior service costs have been incurred 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, 2005, 2004 and 2003 are severance and retirement benefit expenses comprising the following:

	Millions of yen			Thousands of U.S. dollars
	2005	2004	2003	2005
Service costs – benefits earned during the year	¥2,422	¥3,202	¥3,645	$22,636
Interest cost on projected benefit obligation	1,187	1,665	2,528	11,093
Expected return on plan assets	(181)	(236)	(853)	(1,692)
Amortization of prior service costs	(354)	(41)	(4)	(3,308)
Amortization of net transition obligation	1,698	1,930	2,459	15,869
Amortization of actuarial differences	373	857	489	3,486
Employee's contribution	—	(244)	(564)	—
Severance and retirement benefit expenses	¥5,145	¥7,133	¥7,700	$48,084

The discount rate and the rate of expected return on plan assets used by the Company and its consolidated subsidiaries are 2.7% and 2.0% for 2005 and 2004, and 2.7% to 3.5% and 3.5% to 4.5% for 2003, 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, and actuarial gains/losses are recognized in the statement of income using the straight-line method over 12 to 15 years for 2005, over 13 to 15 years for 2004, and over 10 to 15 years for 2003, 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, 2005, were as follows.

	Millions of yen	Thousands of U.S. dollars
Repurchase of note discounted and endorsed	¥365	$3,411
Guarantees of loans from banks to employees and unconsolidated subsidiaries and affiliates	564	5,271

11. Lease Information:

(1) Finance 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, 2005 and 2004, are summarized as follows.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Assumed acquisition cost			
Machinery and equipment	¥171	¥300	$1,598
Others	1,237	1,702	11,561
Accumulated depreciation	(709)	(894)	(6,626)
	¥699	¥1,108	$6,533

(ii) Future minimum lease payments, inclusive of interest, at March 31, 2005 totaled ¥699 million ($6,533 thousand), including ¥284 million ($2,654 thousand) due within one year.

(iii) Lease payments, which are equal to assumed depreciation charges for the years ended March 31, 2005, 2004 and 2003, were ¥523 million ($4,888 thousand), ¥511 million and ¥365 million, respectively.

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

(2) Lease contracts receivable under non-cancelable operating leases as lessor as of March 31, 2005 totaled ¥656 million ($6,131 thousand), including ¥268 million ($2,505 thousand) due within one year.

12. Research and Development Expenses

Research and development expenses are charged to income as incurred. The amounts charged to income for the years ended March 31, 2005, 2004 and 2003 were ¥6,186 million ($57,813 thousand), ¥6,794 million, and ¥7,012 million, respectively.

13. Segment Information

Industry segments:

The Company and its consolidated subsidiaries operate principally in four industrial sectors: Social Infrastructure Systems, Industrial Systems, Engineering and Other sectors.

The business organization was changed in the current fiscal year to bring it in line with changes in the business environment, and the method of identifying business segments was changed as follows in order to reflect actual business practices in more appropriate segments:

- The former Energy and Environment segments were combined into Social Infrastructure Systems.
- The former Info and Communications and Industrial Systems were combined into Industrial Systems.
- Engineering, formerly included under Others, has been separated for segment disclosure.

Information by industry segments for the years ended March 31, 2005 and 2004 are as follows:

	Millions of yen						
Year ended March 31, 2005	Social Infrastructure Systems	Industrial Systems	Engineering	Others	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	¥91,300	¥63,724	¥15,898	¥14,520	¥185,442	¥–	¥185,442
Inter-segment	5,662	7,388	294	8,523	21,867	(21,867)	–
Total	96,962	71,112	16,192	23,043	207,309	(21,867)	185,442
Operating expenses	92,647	68,597	15,219	22,141	198,604	(20,973)	177,631
Operating income	¥4,315	¥2,515	¥973	¥902	¥8,705	¥(894)	¥7,811
Identifiable assets	¥62,254	¥49,161	¥12,282	¥1,383	¥125,079	¥55,516	¥180,595
Depreciation and amortization	1,528	980	342	172	3,022	884	3,906
Capital expenditures	1,101	1,351	315	107	2,874	3,488	6,362

	Millions of yen						
Year ended March 31, 2004	Social Infrastructure Systems	Industrial Systems	Engineering	Others	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	¥96,734	¥54,058	¥15,439	¥15,330	¥181,560	¥–	¥181,560
Inter-segment	6,618	11,560	254	7,841	26,275	(26,275)	–
Total	103,352	65,618	15,693	23,171	207,835	(26,275)	181,560
Operating expenses	97,206	65,642	15,276	22,425	200,550	(24,295)	176,255
Operating income (loss)	¥6,146	¥(24)	¥417	¥746	¥7,285	¥(1,980)	¥5,305
Identifiable assets	¥62,398	¥52,779	¥14,011	¥5,164	¥134,351	¥59,812	¥194,163
Depreciation and amortization	1,673	1,100	363	163	3,299	963	4262
Capital expenditures	1,714	892	274	132	3,012	1,705	4,717

	Thousands of US dollars						
Year ended March 31, 2005	Social Infrastructure Systems	Industrial Systems	Engineering	Others	Total	Eliminations or Corporate	Consolidated
Net sales:							
Outside customers	$853,271	$595,551	$148,579	$135,701	$1,733,103	$–	$1,733,103
Inter-segment	52,916	69,047	2,748	79,654	204,364	(204,364)	–
Total	906,187	664,598	151,327	215,355	1,937,467	(204,364)	1,733,103
Operating expenses	865,860	641,093	142,234	206,925	1,856,112	(196,009)	1,660,103
Operating income (loss)	$40,327	$23,505	$9,093	$8,430	$81,355	$(8,355)	$73,000
Identifiable assets	$581,813	$459,449	$114,785	$12,925	$1,168,963	$518,841	$1,687,804
Depreciation and amortization	14,280	9,159	3,196	1,607	28,243	8,262	36,505
Capital expenditures	10,290	12,626	2,944	1000	26,860	32,598	59,458

Geographic information and **overseas sales** are not disclosed due to their 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 39.69%, 42.69% and 42.69% for the years ended March 31, 2005, 2004 and 2003, 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, 2005, 2004 and 2003.

	2005	2004	2003
Statutory tax rate	39.69%	42.69%	42.69%
Permanent difference (Social expenses, etc.)	(7.68)	6.06	11.35
Per capita inhabitant tax	1.01	2.61	14.08
Net changes in valuation allowance	7.86	(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
Equity in loss of affilliated companies	6.31	–	–
Other-net	1.93	0.16	(2.79)
Effective tax rate	49.12%	36.29%	–4.28%

Significant components of deferred tax assets and liabilities of the Company and its consolidated subsidiaries as of March 31, 2005 and 2004 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Deferred tax assets:			
Net operating loss carry forwards	¥1,826	¥3,343	$17,065
Allowance for retirement benefits	5,472	6,313	51,140
Unrecognized intercompany profit	132	172	1,234
Bonuses	1,681	1,779	15,710
Other	3,733	2,164	34,888
Gross deferred tax assets	12,844	13,771	120,037
Less: Valuation allowance	(1,905)	(1,604)	(17,803)
	10,939	12,167	102,234
Deferred tax liabilities:			
Deferred gain on sales of property for tax purpose	3,215	–	30,047
Unrealized holding gains on securities	3,568	2,830	33,346
Deferred gain from division of corporation	1,132	1,131	10,579
Other	0	5	0
Gross deferred tax liabilities	7,915	3,966	73,972
Net deferred tax assets	¥3,024	¥8,201	$28,262

The statutory tax rate in Japan effective April 1, 2004 was finally determined to be 39.69% which has been used for the calculation of deferred tax assets and liabilities for the year ended March 31, 2005. The effect on the consolidated financial statements of this change was not material.

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, 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Cash and time deposits	¥10,892	¥9,255	$101,794
Short-term securities	152	–	1,421
Cash and cash equivalents	¥11,044	¥9,255	$103,215

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, 2005 and 2004 are as follows:

Year ended March 31, 2005	Millions of yen			
	Purchase of finished products	Material supply, etc.	Accounts payable	Secured income receivable
Japan AE Power Systems Corporation	¥6,836	¥458	¥3,299	¥62
Japan Motor & Generator Co., Ltd.	6,833	6,134	2,211	2,079

Year ended March 31, 2004	Millions of yen			
	Purchase of finished products	Material supply, etc.	Accounts payable	Secured income receivable
Japan AE Power Systems Corporation	¥6,936	¥258	¥3,336	¥85
Japan Motor & Generator Co., Ltd.	5,541	5,040	2,026	1,693

Year ended March 31, 2005	Thousands of U.S. dollars			
	Purchase of finished products	Material supply, etc.	Accounts payable	Secured income receivable
Japan AE Power Systems Corporation	$63,888	$4,280	$20,664	$579
Japan Motor & Generator Co., Ltd.	63,860	57,327	30,832	19,430

19. Subsequent Event

It was resolved at the annual shareholders' meeting of the Company held on June 24, 2005, that the Company would reduce its additional paid-in capital (included in capital surplus) and transfer it to other capital surplus. A summary of this resolution is provided below.

(1) Purpose of reduction of additional paid-in capital

Pursuant to Article 289, Paragraph 2 of the Commercial Code of Japan, the Company will reduce its additional paid-in capital and transfer it to other capital surplus for the purpose of assuring greater mobility and flexibility in undertaking future capital policy.

(2) Amount of reduction of additional paid-in capital

The additional paid-in capital of 13,933 million yen as of March 31, 2005, will be reduced by 8,933 million yen to 5,000 million yen.

(3) Schedule for reduction of additional paid-in capital

Official filing of objections by creditors	Late June 2005
End of period for official filing of objections by creditors	Early August 2005
Reduction of additional paid-in capital becomes effective	Early August 2005

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, 2005 and 2004, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2005, 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, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2005, in conformity with accounting principles generally accepted in Japan.

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

(1) As discussed in Note 13 to the consolidated financial statements, effective April 1, 2004, MEIDENSHA CORPORATION and its consolidated subsidiaries changed the business segments.

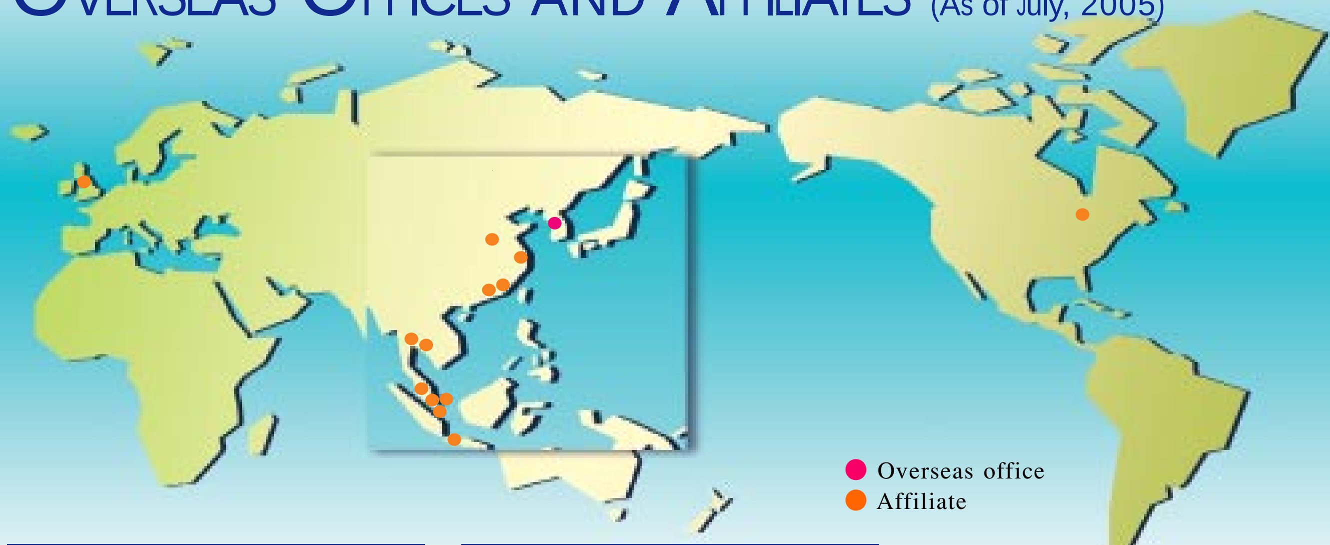
(2) As discussed in Note 19 to the consolidated financial statements, it was resolved at the annual shareholders' meeting of the Company held on June 24, 2005, to reduce its additional paid-in capital and transfer it to other capital surplus.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 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 24, 2005

KPMG AZSA & Co.

OVERSEAS OFFICES AND AFFILIATES (As of July, 2005)



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Consolidated Subsidiary Companies

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
825 Nakadate, Tamaho-cho, Nakakoma-gun,
Yamanashi 490-3801 Japan
Phone: 55-273-1515 Fax: 55-273-1519

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
496-1, Ittangosewari, Nishibiwajima-cho,
Nishikasugai-gun, Aichi 452-8602 Japan
Phone: 52-501-3211 Fax: 52-501-3277

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
22,440

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

Board of Directors

(As of June 24, 2005)

Chairman
Shigeo Seko

President
Keiji Kataoka

Executive Vice President
Masaoki Hino

Director and Senior Managing Executive Officer	Masaaki Kato Kosuke Sato	Kennosuke Goto Kenji Sasaki
Directors	Tetsuro Kawakami	Shigeo Matsumoto
Senior Corporate Auditors	Tadashi Sanada	Shigeo Takeuchi
Corporate Auditors	Masayuki Tsubonoya	Nobuyuki Watanabe

MEIDEN