

**Non-Consolidated Financial Results
for the Fiscal Year Ended March 2004
(April 1, 2003 - March 31, 2004)**

Company name: VITEC CO., LTD.
 Stock code: 9957
 Stock exchange listing: Tokyo Stock Exchange, Second Section
 Address: Tokyo
 URL: <http://www.vitec.co.jp>
 President & CEO: Shunichi Shirai
 Contact: Managing Director, Tatsuichi Naruse
 Telephone: +81-(3)-3458-4611
 Board meeting for approving financial results: May 14, 2004
 Interim dividend system: Yes
 General meeting of shareholders: June 24, 2004
 Trading lot: 100 shares
 Accounting principle: Japanese GAAP

1. Financial Results for the Fiscal Year Ended March 2004 (April 1, 2003 - March 31,2004)

(1) Results of Operations

Millions of yen, rounded down

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Fiscal year ended Mar. 2004	103,135	33.1	1,848	54.7	1,739	104.1
Fiscal year ended Mar. 2003	77,464	17.1	1,194	(1.4)	852	(35.4)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Fiscal year ended Mar. 2004	912	-	77.41	58.68
Fiscal year ended Mar. 2003	(2,616)	-	(221.95)	-

	Return on equity	Ordinary income to total assets	Ordinary income to net sales
	%	%	%
Fiscal year ended Mar. 2004	14.8	4.6	1.7
Fiscal year ended Mar. 2003	(37.1)	2.1	1.1

- Notes:
- Average number of shares outstanding (non-consolidated)
 Fiscal year ended March 2004: 11,789,020 shares
 Fiscal year ended March 2004: 11,788,631 shares
 - Changes in accounting principles applied: Details as per attached.
 - The percentages shown for net sales, operating income, ordinary income, and net income represent changes from the same period in the previous year.

(2) Dividend Payments

	Dividends Per share (Annual)			Total Dividend (annual)	Dividend Payout Ratio	Dividend rate for shareholder's equity
	Interim	Year-end				
	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 2004	15.00	-	15.00	176	19.4	2.7
Fiscal year ended Mar. 2003	-	-	-	-	-	-

(3) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2004	37,892	6,675	17.6	565.96
As of March 31, 2003	37,402	5,677	15.2	481.70

Note: 1. Number of shares outstanding at end of period (non-consolidated)

As of March 31, 2004: 11,794,160 shares
As of March 31, 2003: 11,788,631 shares

2. Treasury stock

As of March 31, 2004: 1,767 shares
As of March 31, 2003: 1,688 shares

2. Forecast for the Year Ending March 31, 2005 (April 1, 2004 - March 31, 2005)

	Net sales	Ordinary income	Net income	Annual dividend per share		
				Interim	Year-end	
	Million yen	Million yen	Million yen	Yen	Yen	Yen
Interim	56,000	900	500	-	-	-
Full year	112,700	2,150	1,100	-	20.00	20.00

Reference: Estimated net income per share for the full year: 93.26 yen

Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this presentation was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors. The above forecasts are based on assumptions and other relevant factors discussed in the section on Supplementary Information (Pages: 8, 9).

Note: This is a translation of Japanese kessan Tanshin (including attachments), a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.

6. Non-Consolidated Financial Statements

(1) Balance Sheets

Thousands of yen

Account	Note	FY 2003 As of March 31, 2003		FY 2004 As of March 31, 2004		YoY Change	
		Amount	%	Amount	%	Amount	
Assets							
I Current assets							
1. Cash and deposits		2,335,288		2,006,482		(328,805)	
2. Notes receivable-trade		619,072		349,392		(269,680)	
3. Accounts receivable-trade		21,367,515		14,350,161		(7,017,353)	
4. Merchandise		3,414,248		3,425,234		10,985	
5. Pre-paid expenses		17,828		104,769		86,940	
6. Deferred tax assets-current		710,922		1,225,966		515,044	
7. Short-term loans receivable from affiliates		1,391,000		5,418,607		4,027,607	
8. Short-term loans receivable		1,455,764		877,908		(577,856)	
9. Accounts receivable-other		528,772		439,847		(88,925)	
10. Other current assets		85,358		243,647		158,288	
11. Allowance for doubtful accounts		(4,860,997)		(1,554,425)		3,306,571	
Total current assets		27,064,774	72.4	26,887,590	71.0	(177,183)	
II Fixed assets							
(1) Property and equipment							
1. Buildings		1,914,580		1,914,983			
Accumulated depreciation		251,528	1,663,052	333,720	1,581,263	(81,788)	
2. Structures		4,763		4,763			
Accumulated depreciation		3,889	873	4,013	749	(123)	
3. Machinery and automotive equipment		702,035		702,035			
Accumulated depreciation		176,333	525,701	312,673	389,362	(136,339)	
4. Vehicles		1,968		1,968			
Accumulated depreciation		1,819	148	1,869	98	(50)	
5. Tools, furniture and fixtures		261,457		270,511			
Accumulated depreciation		127,433	134,023	210,946	59,564	(74,458)	
6. Land			2,582,511		2,602,511	20,000	
Total property and equipment			4,906,311		4,633,549	12.2	(272,761)
(2) Intangible assets							
1. Telephone rights			6,901		6,901	-	
2. Patent rights			47,395		42,389	(5,005)	
Total intangible assets			54,297	0.1	49,291	0.1	(5,005)

Thousands of yen

Account	Note	FY 2003 As of March 31, 2003		FY 2004 As of March 31, 2004		YoY change
		Amount	%	Amount	%	Amount
(3) Investments and others						
1. Investment securities		1,361,862		1,461,933		100,071
2. Affiliate stock		2,184,222		2,302,222		118,000
3. Investment in affiliates		59,082		59,082		-
4. Long-term loans receivable from employees		61,087		38,533		(22,554)
5. Long-term loans receivable from officers		-		18,717		18,717
6. Long-term pre-paid expenses		2,782		137,184		134,401
7. Security deposits		1,007,208		995,077		(12,131)
8. Derivative assets		4,122		25,136		21,014
9. Deferred tax assets -non-current		545,562		1,208,389		662,827
10. Others		328,738		159,860		(168,877)
11. Allowance for doubtful accounts		(177,200)		(83,900)		93,300
Total investments and others		5,377,468	14.4	6,322,237	16.7	944,768
Total fixed assets		10,338,078	27.6	11,005,079	29.0	667,001
Total assets		37,402,852	100	37,892,670	100	489,817
Liabilities						
I Current liabilities						
1. Notes payable-trade		1,606,779		2,167,112		560,333
2. Accounts payable-trade		14,544,414		10,401,406		(4,143,007)
3. Short-term borrowings		5,250,000		4,688,607		(561,393)
4. Current portion of bonds		300,000		700,000		400,000
5. Current portion of convertible bonds		-		4,773,000		4,773,000
6. Current portion of long-term debt		732,400		467,566		(264,834)
7. Accounts payable-other		62,651		71,401		8,750
8. Accrued income taxes		14,260		14,526		265
9. Accrued expenses		26,696		18,011		(8,684)
10. Advances received		13,674		-		(13,674)
11. Deposits received		124,393		155,153		30,760
12. Liability for derivatives		68,426		-		(68,426)
13. Accrued bonuses		107,000		74,000		(33,000)
14. Other current liabilities		298		3		(295)
Total current liabilities		22,850,993	61.1	23,530,789	62.1	679,795

Thousands of yen

Account	Note	FY 2003 As of March 31, 2003		FY 2004 As of March 31, 2004		YoY change
		Amount	%	Amount	%	Amount
II Long-term liabilities						
1. Straight bonds		1,200,000		2,500,000		1,300,000
2. Convertible bonds		4,956,000		-		(4,956,000)
3. Long-term debt		935,900		1,718,334		782,434
4. Liability for derivatives		135,225		82,857		(52,367)
5. Accrued employees' retirement benefits		29,193		28,663		(530)
6. Accrued officers' severance benefits		-		138,449		138,449
7. Allowance for possible investment losses		1,617,656		3,218,537		1,600,881
Total long-term liabilities		8,873,975	23.7	7,686,840	20.3	(1,187,134)
Total liabilities		31,724,968	84.8	31,217,630	82.4	(507,338)
Shareholders' equity						
I Capital stock	*4	4,325,376	11.6	4,328,875	11.4	3,499
II Capital surplus						
1. Additional paid-in capital		4,137,417		1,524,409		
Total capital surplus		4,137,417	11.0	1,524,409	4.0	(2,613,008)
III Retained earnings						
1. Unappropriated retained earnings/(undisposed deficit)		(2,616,507)		912,642		
Total retained earnings		(2,616,507)	(7.0)	912,642	2.4	3,529,150
IV Net unrealized holding loss on securities		(165,360)	(0.4)	(87,775)	(0.2)	77,585
V Treasury stock	*5	(3,042)	(0.0)	(3,113)	(0.0)	(70)
Total shareholders' equity		5,677,883	15.2	6,675,040	17.6	997,156
Total liabilities and shareholders' equity		37,402,852	100	37,892,670	100	489,817

(2) Statements of Income

Thousands of yen

Account	Note	FY2003 April 1, 2002 to March 31, 2003		FY2004 April 1, 2003 to March 31, 2004		YoY change Amount		
		Amount	%	Amount	%			
I Net sales			77,464,377	100	103,135,127	100	25,670,749	
II Cost of sales								
1. Merchandise-Inventory at beginning of period		3,593,827			3,414,248			
2. Merchandise purchased		73,548,843			98,541,401			
Total		77,142,671			101,955,649			
3. Transfers to other accounts	*1	4,135			4,238			
4. Merchandise- Inventory at end of period	*2	3,414,248	73,724,287	95.2	3,425,234	98,526,176	95.5	24,801,889
Gross profit			3,740,089	4.8	4,608,950	4.5	868,860	
III Selling, general and administrative expenses								
1. Packing and transportation expenses		75,098			76,072			
2. Officers' salaries and bonuses		218,468			168,381			
3. Wages and allowances		617,777			645,908			
4. Bonuses		105,270			108,652			
5. Provision of allowance for accrued bonuses		107,000			74,000			
6. Retirement benefit expenses		37,319			29,570			
7. Provision of allowance for officers retirement benefits		-			15,674			
8. Welfare expenses		215,265			210,700			
9. Travel expenses		128,086			123,536			
10. Rent		90,178			84,070			
11. Lease payments		89,991			85,697			
12. Depreciation and amortization		192,175			175,188			
13. Commissions paid		18,014			34,364			
14. Outsourcing expenses		205,867			553,110			
15. Others		444,637	2,545,150	3.3	375,408	2,760,336	2.7	215,186
Operating income			1,194,939	1.5	1,848,613	1.8	653,674	
IV Non-operating income								
1. Interest income	*3	87,809			139,493			
2. Dividends income		18,916			8,165			
3. Purchase discounts		485			-			
4. Gain on derivatives		281,353			141,807			
5. Rent		50,232			31,173			
6. Others		33,265	472,063	0.6	36,944	357,584	0.4	(114,478)

Account	Note	FY2003 April 1, 2002 to March 31, 2003		FY2004 April 1, 2003 to March 31, 2004		YoY change
		Amount	%	Amount	%	Amount
V Non-operating expenses						
1. Interest expenses		140,102		172,462		
2. Interest on bonds		4,934		11,090		
3. Foreign exchange loss		48,982		79,343		
4. Loss on derivatives		381,561		-		
5. Bond issue expenses		31,312		32,125		
6. Depreciation of assets for lease		178,031		133,602		
7. Other non-operating expenses		29,875	814,800	38,533	467,156	(347,643)
Ordinary income			852,201		1,739,041	886,839
VI Extraordinary income						
1. Gain on sale of fixed assets	*4	18,369		102		
2. Gain on sale of investment securities		1,225	19,594	-	102	(19,492)
VII Extraordinary loss						
1. Provision of allowance for possible loss on investments		651,261		1,600,881		
2. Officers' retirement benefits		-		194,242		
3. Provision of allowance for accrued officers' severance benefits		-		122,775		
4. Bad debts written off		-		85,614		
5. Loss on sale of investment securities		-		28,542		
6. Provision of allowance for doubtful accounts		2,505,823		7,430		
7. Loss on valuation of long-term securities		102,847		2,100		
8. Loss on revaluation of memberships		2,100	3,262,032	1,050	2,042,635	(1,219,397)
Net loss before income taxes			(2,390,235)	(3.1)	(303,491)	2,086,744
Current income taxes		15,469		14,526		
Reversal of income taxes payable for the prior year		43,626		-		
Deferred income taxes, credit		-		1,230,660		
Deferred income taxes, debit		167,176	226,271	-	(1,216,134)	(1,442,405)
Net income (loss)			(2,616,507)	(3.4)	912,642	3,529,150
Unappropriated retained earnings/(undisposed deficit)			(2,616,507)		912,642	3,529,150

(3) Statement of Retained Earnings and Disposition of Deficit

Statement of Disposition of Deficit				Statement of Retained Earnings			
		FY 2003 As of June 25, 2003				FY 2004 As of June 24, 2004	
Account	Note	Amount		Account	Note	Amount	
I Undisposed deficit			2,616,507	I Retained earnings			912,642
II Disposition of deficit				II Appropriation of retained earnings			
1. Reversal of capital surplus			2,616,507	1. Dividend			176,912
III Deficit brought forward to next period			-	III Retained earnings brought forward to next period			735,730

Significant Accounting Policies in the Preparation of Non-Consolidated Financial Statements

Item	FY2003 April 1, 2002 to March 31, 2003	FY2004 April 1, 2003 to March 31, 2004
1. Valuation basis and methods for securities	<p>1) Subsidiaries' stocks Stock of subsidiaries companies is stated at cost, cost being determined by the moving-average method.</p> <p>2) Other securities: Securities with market quotations Securities with market quotations are stated at fair value on the fiscal year balance sheet date. (Unrealized gain or loss is included in shareholders' equity. Cost of securities sold is determined by the moving-average method.) Securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p>	<p>1) Subsidiary and affiliate stock Stock of subsidiaries and affiliated companies is stated at cost, cost being determined by the moving-average method.</p> <p>2) Other securities: Securities with market quotations Same as on the left.</p> <p>Securities without market quotations Same as on the left.</p>
2. Valuation basis and methods for derivatives	Derivatives are primarily stated at fair value.	Same as on the left.
3. Valuation basis and methods for inventories	<p>Merchandise Merchandise is stated at cost, cost being determined by the moving-average method.</p>	<p>Merchandise Same as on the left.</p>
4. Depreciation of fixed assets	<p>1) Property and equipment Depreciation is computed by the declining-balance method, except for buildings (excluding fixtures) acquired on or subsequent to April 1, 1998, on which depreciation is calculated by the straight-line method. Useful life of principal assets is as follows: Buildings: 8-50 years Machinery and automotive equipment: 2-15 years Tools, furniture and fixtures: 2-20 years</p> <p>2) Intangible assets Patent rights Depreciation is computed by the straight-line method over a period of eight years.</p>	<p>1) Property and equipment Same as on the left.</p> <p>2) Intangible assets Same as on the left.</p>
5. Accounting for deferred assets	<p>Bond issue expenses Bond issue expenses charged to income as accrued</p>	<p>Bond issue expenses Same as on the left.</p>
6. Translation of foreign currency -denominated assets and liabilities	<p>Foreign currency-denominated monetary assets and liabilities (except those accounted as designated fair value hedges) are translated into yen at the exchange spot rate in effect on the fiscal year balance sheet date. Translation gain or loss is accounted as profit or loss.</p>	<p>Same as on the left.</p>

Item	FY2003 April 1, 2002 to March 31, 2003	FY2004 April 1, 2003 to March 31, 2004
7. Recognition of allowances	<p>1) Allowance for doubtful accounts To prepare for credit losses on accounts receivable, the Company provides allowances equal to the estimated amount of uncollectible receivables for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.</p> <p>2) Allowance for accrued bonuses To provide for employees' bonuses, an allowance is provided in the amount deemed to have accrued at the end of the current period from among future estimated bonus obligations.</p> <p>3) Allowance for accrued employees' retirement benefits To provide for accrued employees' retirement benefits, the Company provides an allowance in the amount deemed to have accrued at the end of the period based on retirement benefit obligations and pension assets at the end of the fiscal year.</p>	<p>1) Allowance for doubtful accounts To prepare for credit losses on accounts receivable, the Company provides allowances equal to the estimated amount of uncollectible receivables for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.</p> <p>2) Allowance for accrued bonuses To provide for employees' bonuses, an allowance is provided in the amount deemed to have accrued at the end of the current period from among future estimated bonus obligations. Effective the current period, the Company changed its personnel management system to introduce a system of annual performance-based wages for management executives. As a result of this change, allowance for retirement benefits decreased by ¥36,000 thousand, operating income, ordinary income increased by ¥36,000 thousand each, and deficit before income taxes declined by ¥36,000 thousand compared to the amounts that would have been reported if the previous method had been used consistently.</p> <p>3) Allowance for accrued employees' retirement benefits Same as on the left.</p>

Item	FY2003 April 1, 2002 to March 31, 2003	FY2004 April 1, 2003 to March 31, 2004
7. Recognition of allowances	<p>4) Allowance for accrued officers' severance benefits</p> <p style="text-align: center;">-</p> <p>(5) Allowance for possible investment losses The "allowance for possible investment losses" is provided in the amount of possible losses from investments in subsidiaries estimated to be incurred based on the financial status of the investees.</p>	<p>4) Allowance for accrued officers' severance benefits</p> <p>To provide for accrued officers' severance benefits, an allowance is provided for the aggregate amount payable at the end of the current period pursuant to the Company's internal rules.</p> <p>Changes in accounting policies: In prior periods, officers' severance benefits were charged to income as accrued. Effective the current period, an allowance is provided for the aggregate amount payable at the end of the period pursuant to the Company's internal rules. The changes were a part of the revision of the rules on officers' severance benefits and are intended to better balance income and expenses by distributing officers' severance benefit expenses over the period in office. The changes also reflect the growing materiality of the impact of officers' severance benefits due to the lengthening period in office of the company's officers and the fact that the provision of allowance for officers' severance benefits is becoming a generally accepted accounting practice. As a result of these changes, ¥15,674 thousand in provision of allowance for accrued officers' severance benefits was included in selling, general and administrative expenses. The allowance for prior service (¥122,775 thousand) was recorded as an extraordinary loss. As a result of this change, operating income and ordinary income declined by ¥15,674 thousand and net income before income taxes increased by ¥138,449 thousand compared to the amounts that would have been reported if the previous method had been applied consistently.</p> <p>(5) Allowance for possible investment losses Same as on the left.</p>
8. Accounting for leases	Finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessees are accounted for by a method similar to that applicable to ordinary operating leases.	Same as on the left.

Item	FY2003 April 1, 2002 to March 31, 2003	FY2004 April 1, 2003 to March 31, 2004
9. Accounting for hedges	<p>1) Hedge accounting method Forward foreign currency transactions that qualify for designated fair value hedge accounting are accounted by the designated fair value hedge accounting method. Interest rate swaps that qualify for short-cut accounting are accounted by the extraordinary accounting method.</p> <p>2) Hedging instrument and risk hedged</p> <p>a. Foreign exchange forward contracts Hedging instrument: Foreign exchange forward contracts Risk hedges: Changes in currency rates</p> <p>b. Interest rate swaps Hedging instrument: Interest rate swaps Risk hedged: Fluctuations in interest rates</p> <p>3) Hedging policy</p> <p>a. Foreign exchange forward contracts The Company uses financial derivative instruments to reduce its exposure to future risks from fluctuations in foreign currency exchange on foreign currency-denominated receivables and payables. The Company does not hold or issue financial derivative instruments for trading purposes.</p> <p>b. Interest rate swaps The Company enters into interest rate swap transactions to reduce exposure to future risks from fluctuations in the interest rate. The Company does not enter into hedge transactions for speculative purposes.</p> <p>4) Assessing the effectiveness of a hedge</p> <p>a. Foreign exchange forward contracts The Company does not evaluate the effectiveness of a hedge transaction since the hedging instrument and the risk hedged are designated in the same currency and effectively offset changes in cash flows arising from fluctuations in foreign currency exchange rates.</p> <p>b. Interest rate swaps The Company does not evaluate the effectiveness of a hedge transaction since the primary terms of the hedging instrument and the risk hedged are identical and the cash flows, at the time of initiation and later, effectively offset changes in cash flows arising from fluctuations in interest rates.</p>	<p>1) Hedge accounting method Same as on the left.</p> <p>2) Hedging instrument and risk hedged Same as on the left.</p> <p>3) Hedging policy Same as on the left.</p> <p>4) Assessing the effectiveness of a hedge Same as on the left.</p>

Item	FY2003 April 1, 2002 to March 31, 2003	FY2004 April 1, 2003 to March 31, 2004
10. Other significant accounting policies in the preparation	<p>1) Accounting for consumption taxes: The Company uses the net-of-tax method to account for consumption taxes.</p> <p>2) Accounting for treasury stock and reduction of legal reserve Effective the current fiscal year, the Company has adopted the new accounting standards for treasury stock and reduction of legal reserves (Financial Accounting Standard No. 1: Accounting Standards for Treasury Stock and Reduction of Legal Reserve; ASBJ), which became effective for fiscal years starting on and after April 1, 2002. The effect of this change on profit/loss for the current fiscal year is insignificant. Effective the current fiscal year, in accordance with the revised Regulations of Financial Statements, the “Shareholders’ Equity Section” in the “Balance Sheets” conform with the revised Regulations of Financial Statements.</p> <p>3) Per-share information Effective the current fiscal year, the Company adopted the new accounting standards for earnings per share (Accounting Standard No. 2: “Accounting Standards for Earnings Per Share” and Accounting Standard Implementation Guidance No. 4: “Implementation Guidance on Accounting Standard for Earnings Per Share”), which became effective for fiscal years starting on and after April 1, 2002. For details on the effect of the above change in the accounting policy, see the note on Per-share Information.</p>	<p>1) Accounting for consumption taxes: Same as on the left.</p> <p>2) Accounting for treasury stock and reduction of legal reserve -</p> <p>3) Per-share information</p>

Reclassifications

FY2003 April 1, 2002 to March 31, 2003	FY2004 April 1, 2003 to March 31, 2004
<p>The Short-term Loans Receivable account includes ¥541,994 thousand in notes discounted (notes held by customers). Effective the current fiscal year, the Notes Discounted Account included in Others under Current Assets in prior periods, is reclassified to improve clarity of disclosure. In the previous fiscal year, the Notes Discounted Account included in Others under Current Assets totaled ¥180,095 thousand.</p>	-

Notes

Notes to balance sheets

Thousands of yen

FY 2003 As of March 31, 2003	FY 2004 As of March 31, 2004
*1. The following items (major assets) are applicable to affiliates:	*1. The following items (major assets) are applicable to affiliates:
-	Accounts receivable-trade 421,112
2. Guarantees of indebtedness	2. Guarantees of indebtedness
Liability for guarantees extended to affiliates includes: borrowings from financial institutions, accounts payable-trade, bank guarantees and installment purchase liabilities.	Liability for guarantees extended to affiliates includes: borrowings from financial institutions, accounts payable-trade, bank guarantees and installment purchase liabilities.
(1) ARSNET CO., LTD.	(1) ARSNET CO., LTD.
104,111	296,354
(2) VITEC ELECTRONICS (SINGAPORE) PTE LTD.	(2) VITEC ELECTRONICS (SINGAPORE) PTE LTD.
498,607	542,855
(US\$14,566 thousand) 1,750,924	(US\$814 thousand) 86,058
(\$498 thousand) 33,874	(\$80 thousand) 5,077
(3) VITEC ELECTRONICS (H.K.) CO., LIMITED.	(3) VITEC ELECTRONICS (H.K.) CO., LIMITED.
128,277	91,905
(US\$9,480 thousand) 1,139,512	(US\$5,083 thousand) 537,303
(4) GMAC (S) PTE LTD.	(4) VITEC ELECTRONICS TRADING (SHANGHAI) CO., LTD.
452,696	71,635
(US\$1,166 thousand) 140,239	(5) GMAC (S) PTE LTD.
(\$22,889 thousand) 1,556,746	451,682
(5) GMAC CO., LTD.	(US\$49 thousand) 5,182
200,000	(\$87 thousand) 5,499
(6) INFONICS CO., LTD.	(6) VITEC SYSTEM ENGINEERING INC.
3,872,744	70,000
(7) INFONICS (HONG KONG) LIMITED.	(7) INFONICS CO., LTD.
(US\$8,460 thousand) 1,016,892	1,876,784
(8) INFONICS (SINGAPORE) PTE LTD.	(8) INFONICS (HONG KONG) LIMITED.
(US\$360 thousand) 43,272	(US\$6,800 thousand) 718,692
In addition to the above the Company has guaranteed ¥101,543 thousand (US\$844 thousand) accounts receivable at subsidiaries.	(9) INFONICS (SINGAPORE) PTE LTD.
	(US\$150 thousand) 15,853
	In addition to the above the Company has guaranteed ¥37,854 thousand (US\$358 thousand) accounts receivable at subsidiaries.
3. Contingent liability on bills endorsed	3. Contingent liability on bills endorsed
7,791,921	13,937,885
*4. Shares issued and outstanding (shares)	*4. Shares issued and outstanding (shares)
Common shares 28,200,000	Common shares 28,200,000
Total shares issued and outstanding Common shares 11,790,319	Total shares issued and outstanding Common shares 11,795,927
*5. Treasury stock: 1,688 common shares.	*5. Treasury stock: 1,767 common shares.
6. Impaired capita: ¥2,619,549 thousand	6. -

FY 2003 As of March 31, 2003	FY 2004 As of March 31, 2004						
7. -	<p>7. The Company has signed a commitment line type of term-loan agreement with a syndicate of seven financial institutions. The Company plans to use the commitment line for financing redemption and recall of its outstanding convertible bonds.</p> <p>The specified period of the commitment line agreement is one year to March 31, 2005. The balance of unused commitment line as of the end of the current fiscal year was as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Total amount of credit commitment</td> <td style="text-align: right;">4,500,000</td> </tr> <tr> <td style="padding-left: 20px;"><u>Credit line used</u></td> <td style="text-align: right;"><u>-</u></td> </tr> <tr> <td style="padding-left: 20px;">Balance of unused credit</td> <td style="text-align: right;">4,500,000</td> </tr> </table>	Total amount of credit commitment	4,500,000	<u>Credit line used</u>	<u>-</u>	Balance of unused credit	4,500,000
Total amount of credit commitment	4,500,000						
<u>Credit line used</u>	<u>-</u>						
Balance of unused credit	4,500,000						
8. -	<p>8. Deficit covered at the General Meeting of Shareholders held on June 25, 2002 is as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Capital surplus</td> <td style="text-align: right;">1,071,122</td> </tr> <tr> <td style="padding-left: 20px;">Legal retained earnings</td> <td style="text-align: right;">130,000</td> </tr> </table>	Capital surplus	1,071,122	Legal retained earnings	130,000		
Capital surplus	1,071,122						
Legal retained earnings	130,000						

Notes to statements of income

Thousands of yen

FY2003 April 1, 2002 to March 31, 2003	FY 2004 April 1, 2003 to March 31, 2004				
<p>*1. Transfers to other accounts:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Cost of samples</td> <td style="text-align: right;">4,135</td> </tr> </table>	Cost of samples	4,135	<p>*1. Transfer to other accounts:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Cost of sample</td> <td style="text-align: right;">4,238</td> </tr> </table>	Cost of sample	4,238
Cost of samples	4,135				
Cost of sample	4,238				
<p>*2. Merchandise inventory at end of period is net of ¥302,222 impairment loss computed using the lower of cost or market method</p>	<p>*2. Merchandise inventory at end of period is net of the ¥227,593 thousand impairment loss computed using the lower of cost or market method</p>				
*3. -	<p>*3. Interest received includes ¥43,974 thousand in interest received from subsidiaries.</p>				
<p>*4. Gain on sale of fixed assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Machinery and automotive equipment</td> <td style="text-align: right;">18,369</td> </tr> </table>	Machinery and automotive equipment	18,369	<p>*4. Gain on sale of fixed assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Tools, furniture and fixtures</td> <td style="text-align: right;">102</td> </tr> </table>	Tools, furniture and fixtures	102
Machinery and automotive equipment	18,369				
Tools, furniture and fixtures	102				

(1) Accounting for leases

Thousands of yen

Item	FY 2003 April 1, 2002 to March 31, 2003	FY 2004 April 1, 2003 to March 31, 2004
1. Finance lease transactions other than in which the title to the leased property is transferred to the lessee.	1. Acquisition cost, accumulated, depreciation and period-end balance equivalents of the leased property.	1. Acquisition cost, accumulated, depreciation and period-end balance equivalents of the leased property.
	<i>Furniture and fixtures</i> Acquisition cost 104,664 Depreciation 35,756 Balance 68,907	<i>Furniture and fixtures</i> Acquisition cost 132,406 Depreciation 60,890 Balance 71,516
	<i>Machinery and automotive equipment</i> Acquisition cost 4,766 Depreciation 2,780 Balance 1,986	<i>Machinery and automotive equipment</i> Acquisition cost 8,080 Depreciation 4,424 Balance 3,656
	<i>Others</i> Acquisition cost 19,590 Depreciation 12,734 Balance 6,856	<i>Others</i> Acquisition cost 20,598 Depreciation 12,524 Balance 8,073
	<i>Total</i> Acquisition cost 129,020 Depreciation 51,271 Balance 77,749	<i>Total</i> Acquisition cost 161,085 Depreciation 77,839 Balance 83,245
	Note: Acquisition cost equivalents are computed based on the interest-inclusive method since the weight of minimum future lease payments in the balance of property and equipment at the end of the year is insignificant.	Same as on the left.
	2. Outstanding lease commitments as of the end of the year: Within one year 25,168 Over one year 52,580 <u>Total 77,749</u>	2. Outstanding lease commitments as of the end of the year: Within one year 29,119 Over one year 54,126 <u>Total 83,245</u>
	Note: The outstanding balance of lease commitments as of the end of the fiscal year are calculated based on the interest-inclusive method since the weight of the outstanding lease commitments as of the end of the fiscal year is insignificant.	Same as on the left.
	3. Lease payments and depreciation equivalents Lease payments 29,048 Depreciation 29,048	3. Lease payments and depreciation equivalents Lease payments 31,182 Depreciation 31,182
	4. Calculation of accumulated depreciation equivalents Depreciation is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.	4. Calculation of accumulated depreciation equivalents Same as on the left.

(2) Securities

Subsidiary stock with market quotations

Previous fiscal year (April 1, 2002 - March 31, 2003) and the current fiscal year (April 1, 2003 - March 31, 2004)

No reportable information.

(3) Tax-effect Accounting

Thousands of yen

FY 2003 As of March 31, 2003		FY 2004 As of March 31, 2004	
1. Significant components of deferred tax assets and liabilities		1. Significant components of deferred tax assets and liabilities	
Deferred tax assets	Current	Deferred tax assets	Current
Provision of allowance for doubtful receivables	2,023,504	Provision of allowance for doubtful receivables	629,455
Unrealized allowance for accrued bonuses in excess of tax-allowable maximum	38,129	Unrealized allowance for accrued bonuses	29,965
Unrealized loss on re-measurement of merchandise inventory	72,281	Unrealized loss on re-measurement of merchandise inventory	129,609
Unrealized accrued expenses	4,225	Unrealized accrued expenses	4,758
Loss carry-forward	596,286	Unrealized allowance for possible loss on investments	991,633
Subtotal	2,734,427	Subtotal	1,785,423
Valuation reserve	(2,023,504)	Valuation reserve	(559,456)
Deferred tax assets - Total	710,922	Deferred tax assets - Total	1,225,966
Deferred tax assets	Non-current	Deferred tax assets	Non-current
Loss on allowance for employees retirement benefits	11,821	Unrealized allowance for retirement benefits	11,606
Provision of allowance for doubtful receivables	60,364	Unrealized allowance for officers' severance benefits	56,064
Unrealized loss on revaluation of golf club memberships	61,078	Provision of allowance for doubtful receivables	33,974
Unrealized loss on revaluation of investment securities	809	Unrealized loss on revaluation of golf club memberships	34,847
Provision of allowance for possible loss on investment in excess of tax-allowable maximum	655,060	Unrealized loss on revaluation of investment securities	809
Loss on revaluation of other securities	112,509	Unrealized allowance for possible loss on investments	311,693
Amortization of goodwill in excess of tax-allowable maximum	347,095	Loss on revaluation of other securities	59,721
Loss carry-forward	74,135	Amortization of goodwill in excess of tax-allowable maximum	231,396
Subtotal	1,322,874	Loss carry-forward	1,181,651
Valuation reserve	(777,312)	Subtotal	1,921,765
Deferred tax assets - Total	545,562	Valuation reserve	(713,375)
		Deferred tax assets - Total	1,208,389
2. Significant components of the difference between the statutory and effective tax rates		2. Significant components of the difference between the statutory and effective tax rates	
Statutory tax rate	42.1%	Statutory tax rate	42.1%
Adjustments		Adjustments	
Entertainment expenses and other not to be included in expenses indefinitely	(1.4)	Entertainment expenses and other not to be included in expenses indefinitely	(10.8)
Per capital resident tax	(0.6)	Per capital resident tax	(4.8)
Valuation reserve	(46.6)	Valuation reserve	391.5
Other	(3.0)	Adjustment for change in tax rate	(15.1)
Effective tax rate	(9.5)	Other	(2.2)
		Effective tax rate	400.7

(Thousands of yen)

FY 2003 As of March 31, 2003	FY 2004 As of March 31, 2004
<p>3. The statutory tax rate employed for calculating deferred tax assets and liabilities for the current year was changed from 42.1% applied in the previous year to 40.5% (only for items to be realized after January 1, 2005) in compliance with the Partial Revision of the Local Finance Act (Law Ni.9 of 2003) that became effective on March 31, 2003.</p> <p>The effect of this change was to decrease deferred tax assets by ¥21,644 thousand, increase income tax-deferred by ¥17,170 thousand and increase unrealized gain on securities by ¥4,473 thousand, compared to the amounts that would have been reported if the previous method had been applied consistently.</p>	3. -

(Per-share information)

Yen

	FY 2003 April 1, 2002 to March 31, 2003	FY 2004 April 1, 2003 to March 31, 2004
Shareholders' equity per share	481.70	565.96
Net income (loss) per share	(221.95)	77.41
Diluted net income per share	-	58.68
	<p>Diluted net income per share is not presented since the Company reported a loss.</p> <p>Effective from the current year, the Company adopted the new accounting standards for earnings per share ASBJ Accounting Standard No.2: "Accounting Standards for Earnings Per Share" and ASBJ Accounting Standard Implementation Guidance No.4: "Implementation Guidance on Accounting Standard for Earnings Per Share."</p> <p>The effect of this change is insignificant.</p>	

Note: The following is a reconciliation of basic net income per share to diluted net income per share.

	FY 2003 April 1, 2002 to March 31, 2003	FY 2004 April 1, 2003 to March 31, 2004
Net income/(loss) per share		
Net income/(loss) (¥1,000)	(2,616,507)	912,642
Net income/(loss) not available to common shareholders (¥1,000)	-	-
Net income available to common stock (¥1,000)	(2,616,507)	912,642
Average number of shares outstanding (shares)	11,788,631	11,789,020
Diluted net income per share		
Adjustments to net income (¥1,000)	-	6,426
[of which interest (Net of taxes)]	[-]	[6,426]
Increase in number of common shares (shares)	-	3,873,089
[of which convertible bonds]	[-]	[3,873,089]

	FY 2003 April 1, 2002 to March 31, 2003	FY 2004 April 1, 2003 to March 31, 2004
Summary of potential stock not included in the calculation of “diluted net income per share” since there was no dilutive effect.	Convertible bond: One issue (Aggregate par value: ¥4,956 million) New stock acquisition rights: Two issues	New stock acquisition rights: Two issues

(Subsequent events)

FY 2003 (April 1, 2002 to March 31, 2003)

No reportable information

FY 2004 (April 1, 2003 to March 31, 2004)

No reportable information

Changes in Directors

Disclosed on March 31, 2004.