

# Koyo

## ANNUAL REPORT 2004

For the year ended March 31, 2004

---



**KOYO SEIKO CO., LTD.**

# MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT

It is our pleasure to report to you on Koyo Seiko's business performance for the fiscal year ended March 31, 2004.

Regarding the state of Japan's economy during this period, although personal consumption, which normally rebounds to lead the way toward overall economic recovery, remained stagnant as the result of a deflationary trend and other factors, the economy experienced a mild recovery particularly as a result of increased external demand that led to expanded exports along with improved private-sector capital expenditures.

Concerning economies around the world, while the European economy was characterized by sluggishness, the U.S. economy exhibited strength as a result of increased capital expenditures by industry and tax cuts that led to robust personal consumption, and the economies of China, Thailand, and other Asian nations continued to expand.

Given such an economic backdrop, the Koyo Group during this period endeavored to strengthen technology development capability, improve quality, and enhance the efficiency of manufacturing and sales operations. As a result, consolidated sales of 505,207 million yen were achieved, an increase of 58,428 million yen, or 13.1 percent, over the previous year's result.

Results by product division were as shown below.

Sales of bearings grew both in Japan and overseas, fueled in particular by strong sales to the automotive sector, resulting in overall bearing sales of 221,298 million yen, an increase of 4.6 percent from the previous term.

Sales of steering products jumped to 219,550 million yen, an increase of 22.1 percent, mainly as a result of strong sales of electric power steering in Japan and Europe.

Sales in other product divisions rose to 64,359 million yen, a 16.2 percent improvement over the previous term, chiefly as a result of a recovery in demand for industrial furnaces for the IT industry.

In regard to profit, an increase in sales, successful cost reduction efforts and other factors led to a consolidated operating income of 21,548 million yen, an increase over the previous term, and a consolidated net gain of 9,905 million yen.

Concerning consolidated cash flows, net cash from operating activities was 45,686 million yen, 20,254 million yen higher than the previous year's result; net cash from investing activities was a negative 38,894 million yen, 16,367 million yen lower than the previous year's result; and net cash from financing activities was 3,735 million yen, 29,103 million yen higher than the previous year's result. After factoring in a loss from currency translations, cash and cash equivalents at the term's end were 34,337 million yen, an increase of 10,042 million yen from the amount at the previous term's end.

Regarding the outlook for the future, while continued economic recovery in Japan is expected, significant concern exists in regard to the weak level of personal consumption, the worsening of the export environment as a result of exchange rate fluctuations, raw material price fluctuations, the prolonged instability of various international situations, and other factors. Overall, the business climate surrounding Koyo Seiko is predicted to become increasingly severe.

Given such circumstances, the Koyo Group will focus on further improving its quality control structure and strengthening its cost competitiveness and technology development capability. In addition, it will take measures to advance the globalization of its bearing and steering manufacturing operations, with an emphasis on speed, while aiming to enhance overall profitability.

While pursuing the above objective on a groupwide basis, we will strive to strengthen our financial base to enable the appropriate handling of all changes in the business environment and improve our corporate results.



Hiroshi Inoue  
Chairman

*Hiroshi Inoue*



Kohshi Yoshida  
President

*Kohshi Yoshida*

## Profile March 2004

Foundation:	January, 1921	
Capital:	26,656 million yen	
Number of Employees:	6,003	
Products:	Ball & Roller Bearings	Drive Shafts
	Ball Bearing Units	Oil Seals
	Bearing Relating Products	Machine Tools
	Steering Gear Systems	Industrial Heat Treatment Furnaces etc.

## Members of the Board and Officers

Chairman	<b>Hiroshi Inoue</b>	Director	<b>Hideki Sato</b>
President	<b>Kohshi Yoshida</b>	Director	<b>Masakazu Moriyama</b>
Senior Executive Director	<b>Toshikatsu Taniguchi</b>	Director	<b>Tsutomu Nemoto</b>
Senior Executive Director	<b>Taisuke Senoo</b>	Director	<b>Hideo Kuwabara</b>
Senior Executive Director	<b>Kunihiko Kato</b>	Director	<b>Takashi Nakamura</b>
Executive Director	<b>Masakazu Nagai</b>	Director	<b>Hitoshi Shimatani</b>
Executive Director	<b>Masaomi Sou</b>	Director	<b>Hiroshi Fujii</b>
Executive Director	<b>Kazuro Kajiwara</b>	Director	<b>Hiroshi Oishi</b>
Executive Director	<b>Shuji Miyawaki</b>	Director	<b>Masakazu Isaka</b>
Director	<b>Takeshi Uchiyamada</b>		
Director	<b>Toshio Kajikawa</b>	Corporate Auditor	<b>Kiyotsugu Inui</b>
Director	<b>Tetsuo Inui</b>	Corporate Auditor	<b>Kazuo Takeda</b>
Director	<b>Yuji Doi</b>	Corporate Auditor	<b>Mitsuo Kinoshita</b>
Director	<b>Kenji Sasaki</b>	Corporate Auditor	<b>Hiomasa Iwaki</b>
Director	<b>Toshihiko Daido</b>		

## Shareholders' Information March 2004

Among 500,000,000 authorized shares of Koyo Seiko Co., Ltd. 198,095,834 shares are issued. The number of shareholders is 8,606 as of March 31, 2004.

A total of 102,003,248 shares (51.5 %) of issued shares are held by financial organizations, 67,387,946 shares (34.0%) by other Japanese corporations, 13,169,334 shares (6.6%) by individuals, 929,260 shares (0.5 %) by security companies, and 14,606,046 (7.4 %) by foreign companies and individuals.

Major shareholders and their owned shares in thousands are as follows:

Toyota Motor Corp.	(48,569)
The Master Trust Bank of Japan, Ltd.	(20,291)
Nippon Life Insurance Co.	(14,873)
Japan Trustee Services Bank, Ltd.	(14,541)
Resona Bank, Ltd.	(6,749)
The Sumitomo Trust & Banking Co., Ltd.	(6,729)
Sumitomo Mitsui Banking Corp.	(6,046)
Toyota Tsusho Corp.	(4,745)
The Bank of Tokyo-Mitsubishi, Ltd.	(3,016)
Mitsui Sumitomo Insurance Co., Ltd.	(2,667)

KOYO SEIKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash .....	¥ 43,873	¥ 22,235	\$ 415,106
Time deposits .....	883	2,460	8,356
Short-term investments .....	117	154	1,106
Notes and accounts receivable:			
Trade .....	116,849	112,808	1,105,583
Unconsolidated subsidiaries and affiliates .....	6,932	5,395	65,584
Other .....	9,681	10,079	91,602
	133,462	128,282	1,262,769
Allowance for doubtful accounts .....	(643)	(613)	(6,085)
	132,819	127,669	1,256,684
Inventories .....	69,379	70,761	656,440
Deferred tax assets .....	7,499	6,886	70,958
Other current assets .....	3,543	4,705	33,524
Total current assets .....	258,113	234,870	2,442,174
<b>Investments and advances:</b>			
Investments in securities .....	18,439	11,193	174,465
Investments in and advances to unconsolidated subsidiaries and affiliates .....	20,640	21,963	195,286
	39,079	33,156	369,751
<b>Property, plant and equipment:</b>			
Buildings and structures .....	112,439	107,979	1,063,862
Machinery and equipment .....	404,602	389,181	3,828,194
	517,041	497,160	4,892,056
Accumulated depreciation .....	(376,316)	(361,039)	(3,560,565)
	140,725	136,121	1,331,491
Land .....	26,835	27,129	253,900
Construction in progress .....	7,614	7,550	72,042
	175,174	170,800	1,657,433
Deferred tax assets .....	11,571	11,849	109,484
Other assets .....	6,793	6,885	64,269
	¥ 490,730	¥ 457,560	\$ 4,643,111

The consolidated financial statements include the accounts of Koyo Seiko Co., Ltd. and these of its major subsidiaries and affiliates. These forty-three subsidiaries and five affiliates are as listed below:

**(SUBSIDIARIES)**

KOYO ELECTRONICS INDUSTRIES CO., LTD.  
 KOYO MACHINE INDUSTRIES CO., LTD.  
 DAIBEA CO., LTD.  
 KOYO THERMO SYSTEMS CO., LTD.  
 KOYO METALTEC CO., LTD.  
 TOKYO KOYO BEARING CO., LTD.  
 NIPPON NEEDLE ROLLER MANUFACTURING CO., LTD.  
 KOYO SALES CO., LTD.  
 UTSUNOMIYA KIKI CO., LTD.  
 KOYO NETSUSHORI CO., LTD.  
 KOYO SEALING TECHNO CO., LTD.  
 KYUEI YOUKO CO., LTD.  
 MEIWA SHOKO CO., LTD.  
 EIKO SEIMITSU CO., LTD.  
 KJK CO., LTD.  
 FAVESS CO., LTD.

KOYO CORPORATION OF U.S.A.  
 KOYO STEERING LYON S.A.S.  
 KOYO STEERING DIJON SAINT ETIENNE S.A.S.  
 KOYO BEARINGS (EUROPE) LTD.  
 KOYO ROMANIA S.A.  
 KOYO STEERING SYSTEMS OF USA INC.  
 KOYO STEERING SYSTEMS OF NORTHAMERICA, INC.  
 TENNESSEE KOYO STEERING SYSTEMS CO.  
 KOYO STEERING EUROPE S.A.S.  
 KOYO-HPI S.A.S.  
 WUXI KOYO BEARING CO., LTD.  
 KOYO STEERING (THAILAND) CO., LTD.  
 KOYO MANUFACTURING (THAILAND) CO., LTD.  
 THAI KOYO CO., LTD.  
 KOYO BEARING DALIAN CO., LTD.  
 T&K AUTOPARTS SDN. BHD.  
 EUROPA-KOYO B.V.

KOYO FRANCE S.A.  
 KOYO (U.K.) LTD.  
 KOYO DEUTSCHLAND GMBH  
 KOYO LATIN AMERICA, S.A.  
 KOYO AUSTRALIA PTY. LTD.  
 KOYO CANADA INC.  
 KOYO IBERICA, S.A.  
 KOYO SINGAPORE BEARING PTE. LTD.  
 AUTOMATIONDIRECT. COM INC.  
 KOYO MACHINERY U.S.A., INC.  
 (AFFILIATES)  
 FUJIKIKO CO., LTD.  
 KOYO ITALIA S.R.L.  
 SONA KOYO STEERING SYSTEMS LTD.  
 KENTUCKY ADVANCED FORGE, LLC  
 FAW KOYO STEERING SYSTEMS CO., LTD.

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term loans . . . . .	¥ 64,470	¥ 79,890	\$ 609,989
Current portion of long-term debt . . . . .	22,063	6,357	208,749
Notes and accounts payable:			
Trade . . . . .	95,126	82,641	900,045
Unconsolidated subsidiaries and affiliates . . . . .	5,501	3,253	52,049
Construction . . . . .	4,889	4,828	46,261
Other . . . . .	12,414	15,225	117,452
	<b>117,930</b>	105,947	<b>1,115,807</b>
Income tax payable . . . . .	8,884	4,103	84,058
Accrued expenses . . . . .	10,637	10,976	100,644
Accrued employees' bonuses . . . . .	8,154	8,173	77,150
Other current liabilities . . . . .	2,987	4,553	28,266
Total current liabilities . . . . .	<b>235,125</b>	219,999	<b>2,224,663</b>
<b>Long-term debt . . . . .</b>	<b>84,668</b>	80,300	<b>801,097</b>
<b>Accrued indemnities from retirement benefit plan . . . . .</b>	<b>41,937</b>	39,478	<b>396,788</b>
<b>Accrued severance indemnities for members of the board of directors and corporate auditors . . . . .</b>	<b>1,135</b>	1,104	<b>10,740</b>
<b>Deferred tax liabilities . . . . .</b>	<b>1,032</b>	1,451	<b>9,768</b>
<b>Other liabilities . . . . .</b>	<b>953</b>	1,435	<b>9,021</b>
Total liabilities . . . . .	<b>364,850</b>	343,767	<b>3,452,077</b>
<b>Minority interests in consolidated subsidiaries . . . . .</b>	<b>9,416</b>	8,503	<b>89,088</b>
<b>Shareholders' equity:</b>			
Common stock			
Authorized—500,000 thousand shares			
Issued—198,095 thousand shares in 2004 and 196,175 thousand shares in 2003 . . . . .	26,656	25,894	252,210
Additional paid-in capital . . . . .	61,427	60,665	581,202
Consolidated retained earnings . . . . .	32,221	24,987	304,867
Unrealized gain on other securities . . . . .	7,068	2,329	66,880
Translation adjustments on foreign currency financial statements . . . . .	(10,855)	(8,552)	(102,710)
Less: treasury share . . . . .	(53)	(33)	(503)
Total shareholders' equity . . . . .	<b>116,464</b>	105,290	<b>1,101,946</b>
	<b>¥490,730</b>	¥ 457,560	<b>\$4,643,111</b>

Conversion Rate ¥105.69 per One U.S. Dollar

KOYO SEIKO CO., LTD. AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the year ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>Net sales</b> .....	<b>¥ 505,207</b>	¥446,779	<b>\$ 4,780,079</b>
<b>Cost of sales</b> .....	<b>418,018</b>	372,295	<b>3,955,132</b>
Gross profit .....	<b>87,189</b>	74,484	<b>824,947</b>
<b>Selling, general and administrative expenses</b> .....	<b>65,641</b>	62,841	<b>621,069</b>
Operating income .....	<b>21,548</b>	11,643	<b>203,878</b>
<b>Other income (expenses):</b>			
Interest and dividend income .....	<b>676</b>	513	<b>6,400</b>
Interest expense .....	<b>(2,953)</b>	(3,183)	<b>(27,941)</b>
Foreign currency exchange gain (loss), net .....	<b>(543)</b>	488	<b>(5,132)</b>
Loss on sales or disposal of property, plant and equipment, net .....	<b>(1,471)</b>	(775)	<b>(13,921)</b>
Equity in earnings of unconsolidated subsidiaries and affiliates .....	<b>1,721</b>	1,610	<b>16,282</b>
Other, net .....	<b>(2,992)</b>	3,654	<b>(28,308)</b>
	<b>(5,562)</b>	2,307	<b>(52,620)</b>
Income before income taxes and items listed below .....	<b>15,986</b>	13,950	<b>151,258</b>
<b>Income taxes</b> .....	<b>10,530</b>	5,301	<b>99,629</b>
<b>Income taxes-deferred</b> .....	<b>(2,780)</b>	614	<b>(26,304)</b>
<b>Minority interests in net income (loss) of consolidated subsidiaries</b> .....	<b>366</b>	(246)	<b>3,467</b>
Net income .....	<b>7,870</b>	8,281	<b>74,466</b>
<b>Consolidated retained earnings:</b>			
Balance at beginning of the year .....	<b>24,987</b>	17,534	<b>236,418</b>
Effect of hyperinflation accounting of consolidated subsidiary .....	<b>438</b>	699	<b>4,145</b>
Consolidation of additional subsidiaries and affiliates .....	<b>352</b>	(97)	<b>3,329</b>
Cash dividends .....	<b>(1,179)</b>	(1,177)	<b>(11,152)</b>
Bonuses to directors and statutory auditors .....	<b>(247)</b>	(253)	<b>(2,339)</b>
Balance at end of the year .....	<b>¥ 32,221</b>	¥ 24,987	<b>\$ 304,867</b>
<b>Per share:</b>	Yen		U.S. dollars
Net income .....	<b>¥ 38.52</b>	¥ 40.80	<b>\$ 0.364</b>
Cash dividends .....	<b>7.00</b>	6.00	<b>0.066</b>
<b>Weighted average number of common shares outstanding(thousands)</b> .....	<b>196,673</b>	196,141	<b>196,673</b>

KOYO SEIKO CO.,LTD. AND CONSOLIDATED SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF  
CASH FLOWS**

For the year ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>Cash flows from operating activities</b>			
Income before income taxes . . . . .	¥ 15,986	¥ 13,950	\$ 151,258
Depreciation and amortization . . . . .	24,016	23,149	227,227
Equity in earnings of unconsolidated subsidiaries and affiliates . . . . .	(1,721)	(1,610)	(16,282)
Notes and accounts receivable . . . . .	(3,703)	(13,299)	(35,041)
Inventories . . . . .	3,032	7,838	28,686
Notes and accounts payable . . . . .	9,130	(4,512)	86,388
Bonuses to directors and statutory auditors . . . . .	(279)	(290)	(2,639)
Payment of income taxes . . . . .	(5,741)	(3,099)	(54,317)
Other, net . . . . .	4,966	3,305	46,987
<b>Net cash provided by operating activities . . . . .</b>	<b>45,686</b>	<b>25,432</b>	<b>432,267</b>
<b>Cash flows from investing activities</b>			
Increase in time deposits . . . . .	(10,018)	(13)	(94,790)
Decrease in marketable securities . . . . .	40	3	377
Purchases of property, plant and equipment . . . . .	(24,226)	(24,035)	(229,216)
Proceeds from sales of property, plant and equipment . . .	1,210	5,579	11,446
Increase in investments in securities . . . . .	(5,398)	(3,097)	(51,077)
Decrease in loans receivable . . . . .	101	72	956
Other, net . . . . .	(603)	(1,036)	(5,699)
<b>Net cash used in investing activities . . . . .</b>	<b>(38,894)</b>	<b>(22,527)</b>	<b>(368,003)</b>
<b>Cash flows from financing activities</b>			
Decrease in short-term loans . . . . .	(16,566)	(4,779)	(156,737)
Increase (decrease) in long-term debt . . . . .	21,560	(19,856)	203,990
Cash dividends . . . . .	(1,238)	(1,237)	(11,719)
Other, net . . . . .	(21)	504	(195)
<b>Net cash provided by financing activities . . . . .</b>	<b>3,735</b>	<b>(25,368)</b>	<b>35,339</b>
<b>Exchange difference of cash and cash equivalents . . . . .</b>	<b>(485)</b>	<b>(142)</b>	<b>(4,589)</b>
<b>Net increase (decrease) in cash and cash equivalents . .</b>	<b>10,042</b>	<b>(22,605)</b>	<b>95,014</b>
<b>Cash and cash equivalents at beginning of the year . . . .</b>	<b>24,295</b>	<b>46,850</b>	<b>229,867</b>
<b>Increase in cash and cash equivalents from additional consolidated subsidiaries . . . . .</b>	<b>—</b>	<b>50</b>	<b>—</b>
<b>Cash and cash equivalents at end of the year . . . . .</b>	<b>¥ 34,337</b>	<b>¥ 24,295</b>	<b>\$ 324,881</b>

## NON-CONSOLIDATED BALANCE SHEETS

March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash .....	¥ 24,790	¥ 8,662	\$ 234,550
Time deposits .....	107	2,217	1,012
Short-term investments .....	80	120	756
Notes and accounts receivable:			
Trade .....	42,960	41,887	406,477
Subsidiaries and affiliates .....	61,301	53,119	580,004
Other .....	4,287	4,594	40,562
	<b>108,548</b>	99,600	<b>1,027,043</b>
Allowance for doubtful accounts .....	(23)	(91)	(217)
	<b>108,525</b>	99,509	<b>1,026,826</b>
Inventories .....	23,997	25,735	227,045
Deferred tax assets .....	3,430	2,944	32,456
Other current assets .....	586	596	5,547
Total current assets .....	<b>161,515</b>	139,783	<b>1,528,192</b>
<b>Investments and advances:</b>			
Investments in securities .....	18,188	11,123	172,084
Investments in and advances to subsidiaries and affiliates .....	104,328	102,195	987,117
	<b>122,516</b>	113,318	<b>1,159,201</b>
<b>Property, plant and equipment:</b>			
Buildings and structures .....	60,584	59,350	573,226
Machinery and equipment .....	227,066	232,842	2,148,414
	<b>287,650</b>	292,192	<b>2,721,640</b>
Accumulated depreciation .....	(229,649)	(230,569)	(2,172,858)
	<b>58,001</b>	61,623	<b>548,782</b>
Land .....	16,554	16,554	156,624
Construction in progress .....	2,536	2,540	23,999
	<b>77,091</b>	80,717	<b>729,405</b>
<b>Deferred tax assets</b> .....	<b>5,422</b>	6,249	<b>51,304</b>
<b>Other assets</b> .....	<b>3,020</b>	2,578	<b>28,579</b>
	<b>¥ 369,564</b>	¥ 342,645	<b>\$3,496,681</b>



	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term loans . . . . .	¥ 28,850	¥ 30,850	\$ 272,968
Current portion of long-term debt . . . . .	20,000	500	189,233
Notes and accounts payable:			
Trade . . . . .	48,128	54,794	455,375
Subsidiaries and affiliates . . . . .	27,999	16,562	264,914
Construction . . . . .	4,900	5,927	46,360
Other . . . . .	3,400	3,083	32,170
	<b>84,427</b>	<b>80,366</b>	<b>798,819</b>
Income tax payable . . . . .	6,786	2,052	64,207
Accrued expenses . . . . .	2,342	3,003	22,160
Accrued employees' bonuses . . . . .	6,000	6,000	56,770
Other current liabilities . . . . .	375	374	3,547
Total current liabilities . . . . .	<b>148,780</b>	<b>123,145</b>	<b>1,407,704</b>
<b>Long-term debt . . . . .</b>	<b>63,475</b>	<b>75,000</b>	<b>600,577</b>
<b>Accrued indemnities from retirement benefit plan . . . . .</b>	<b>25,602</b>	<b>24,399</b>	<b>242,235</b>
<b>Accrued severance indemnities for members of the board of directors and corporate auditors . . . . .</b>	<b>351</b>	<b>305</b>	<b>3,318</b>
Total liabilities . . . . .	<b>238,208</b>	<b>222,849</b>	<b>2,253,834</b>
<b>Shareholders' equity</b>			
Common stock			
Authorized—500,000 thousand shares			
Issued—198,095 thousand shares in 2004 and 196,175 thousand shares in 2003 . . . . .	26,656	25,894	252,210
Additional paid-in capital . . . . .	61,427	60,665	581,202
Legal reserve . . . . .	5,865	5,865	55,500
Voluntary reserve . . . . .	22,074	18,954	208,853
Retained earnings . . . . .	8,690	6,041	82,221
Unrealized gain on other securities . . . . .	6,692	2,404	63,315
Less : treasury share . . . . .	(48)	(27)	(454)
Total shareholders' equity . . . . .	<b>131,356</b>	<b>119,796</b>	<b>1,242,847</b>
	<b>¥ 369,564</b>	<b>¥ 342,645</b>	<b>\$ 3,496,681</b>

Conversion Rate ¥105.69 per One U.S. Dollar

# NON-CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the year ended March 31, 2004 and 2003

	Millions of yen		Thousands of U.S. dollars
	2004	2003	2004
<b>Net sales</b> .....	<b>¥ 317,687</b>	¥ 301,093	<b>\$ 3,005,842</b>
<b>Cost of sales</b> .....	<b>274,338</b>	263,639	<b>2,595,688</b>
Gross profit .....	<b>43,349</b>	37,454	<b>410,154</b>
<b>Selling, general and administrative expenses</b> .....	<b>28,268</b>	27,137	<b>267,465</b>
Operating income .....	<b>15,081</b>	10,317	<b>142,689</b>
<b>Other income (expenses):</b>			
Interest and dividend income .....	<b>760</b>	674	<b>7,192</b>
Interest expense .....	<b>(1,061)</b>	(1,170)	<b>(10,038)</b>
Foreign currency exchange gain (loss), net .....	<b>(430)</b>	795	<b>(4,067)</b>
Loss on sales or disposal of property, plant and equipment, net .....	<b>(288)</b>	(658)	<b>(2,721)</b>
Other, net .....	<b>(2,102)</b>	(1,468)	<b>(19,892)</b>
	<b>(3,121)</b>	(1,827)	<b>(29,526)</b>
Income before income taxes .....	<b>11,960</b>	8,490	<b>113,163</b>
<b>Income taxes</b> .....	<b>7,500</b>	2,550	<b>70,962</b>
<b>Income taxes-deferred</b> .....	<b>(2,577)</b>	1,478	<b>(24,377)</b>
Net income .....	<b>7,037</b>	4,462	<b>66,578</b>
<b>Retained earnings:</b>			
Balance at beginning of the year .....	<b>6,041</b>	2,885	<b>57,156</b>
Cash dividends .....	<b>(1,179)</b>	(1,177)	<b>(11,152)</b>
Transfer to voluntary reserves .....	<b>(3,120)</b>	(50)	<b>(29,518)</b>
Bonuses to directors and statutory auditors .....	<b>(89)</b>	(79)	<b>(843)</b>
Balance at end of the year .....	<b>¥ 8,690</b>	¥6,041	<b>\$ 82,221</b>
<b>Per share:</b>	Yen		U.S. dollars
Net income .....	<b>¥ 35.27</b>	¥22.30	<b>\$ 0.334</b>
Cash dividends .....	<b>7.00</b>	6.00	<b>0.066</b>
<b>Weighted average number of common shares outstanding (thousands)</b> .....	<b>196,681</b>	196,175	<b>196,681</b>

# GLOBAL NETWORK

---

## OFFICES

---

**KOYO CANADA INC.**  
**KOYO CORPORATION OF U.S.A. (SALES DIV.)**  
    Cleveland Office  
    Detroit Office  
**KOYO STEERING SYSTEMS OF USA INC.**  
    Detroit Office  
**KOYO MEXICANA, S.A. DE C.V.**  
**KOYO LATIN AMERICA, S.A.**  
**KOYO ROLAMENTOS DO BRASIL LTDA.**  
**THAI KOYO CO., LTD.**  
**KOYO SINGAPORE BEARING (PTE.) LTD.**  
**PHILIPPINE KOYO BEARING CORPORATION**  
**KOYO KOREA CO., LTD.**  
**KOYO SEIKO CO., LTD. BEIJING OFFICE**  
**KOYO SEIKO CO., LTD. SHANGHAI OFFICE**  
**KOYO (SHANGHAI) CO., LTD.**  
**KOYO AUSTRALIA PTY. LTD.**  
**KOYO SEIKO CO., LTD. EUROPEAN CENTRAL OFFICE**  
**KOYO STEERING EUROPE S.A.S.**  
**KOYO KULLAGER SCANDINAVIA A.B.**  
**KOYO (U.K.) LTD.**  
**EUROPA-KOYO B.V.**  
**KOYO DEUTSCHLAND GMBH**  
**KOYO FRANCE S.A.**  
**KOYO IBERICA, S.A.**  
**KOYO ITALIA S.R.L.**

## TECHNICAL CENTERS

---

**KOYO SEIKO CO., LTD.**  
North American Technical Center  
**KOYO STEERING SYSTEMS OF USA INC.**  
Steering Technical Center  
**KOYO SEIKO CO., LTD.**  
European Technical Centre  
**KOYO STEERING EUROPE S.A.S.**  
Koyo European Technical Center

## BEARING PLANTS

---

**KOYO CORPORATION OF U.S.A. (MANUFACTURING DIV.)**  
    Orangeburg Plant  
    Richland Plant  
**KENTUCKY ADVANCED FORGE, LLC**  
**WUXI KOYO BEARING CO., LTD.**  
**DALIAN KOYO WAZHOU AUTOMOBILE BEARING CO., LTD.**  
**KOYO BEARING DALIAN CO., LTD.**  
**KOYO MANUFACTURING (THAILAND) CO., LTD.**  
**KOYO MANUFACTURING (PHILIPPINES) CORP.**  
**KOYO JICO KOREA CO., LTD.**  
**KOYO BEARINGS (EUROPE) LTD.**  
**KOYO ROMANIA S.A.**

## STEERING SYSTEM PLANTS

---

**TENNESSEE KOYO STEERING SYSTEMS CO.**  
**KOYO STEERING SYSTEMS OF USA INC.**  
**KOYO STEERING ARGENTINA S.A.**  
**KOYO STEERING BRASIL LTDA.**  
**T&K AUTOPARTS SDN. BHD.**  
**YUBEI KOYO STEERING SYSTEM CO., LTD.**  
**FAW KOYO STEERING SYSTEMS CO., LTD.**  
**KOYO STEERING (THAILAND) CO., LTD.**  
**SONA KOYO STEERING SYSTEMS LTD.**  
**KOYO STEERING LYON S.A.S.**  
**KOYO STEERING DIJON SAINT ETIENNE S.A.S.**  
    Dijon Plant  
    Saint Etienne Plant  
**KOYO - HPI S.A.S.**  
    Chennevieres Plant  
    Blois Plant

**KOYO SEIKO CO., LTD.**

Head Office: No.5-8, Minamisemba 3-Chome, Chuo-ku, Osaka 542-8502, JAPAN

PHONE: 81-6-6245-6087

FAX: 81-6-6244-0814