Financial Statements

Tokyo Stock Exchange

We are very pleased to inform you that our stock has been listed in the First Section of the Tokyo Stock Exchange from September 2, 2002.
We would like to take this occasion to express our sincere thanks for your patronage and support.
We wish you every success and prosperity and look forward to continuing our mutually beneficial business relationship in the future.

Financial Summary

Results by business segments

The consolidated net sales for the fiscal year ended March, 2002 fell 23.8% to ¥49,437 million. We were compelled to largely adjust production in the field of our mainstay semiconductor products and faced extreme depression in our major US market for microwave application products and communications products, resulting in sales sluggishness.

Sales in the Semiconductor Devices Division were ¥41,499 million; bipolar products were slowing down due to prolonged inventory adjustment. In MOS products, while sales of color LCDs, surround ICs, etc. increased, sales were generally slow down. In microwave & optoelectronic devices, sales of our mainstay GaAs ICs fell, and sales of optoelectronic devices also dropped.

Sales in the Microwave Application Products Division were ¥3,369 million. Sales of components for satellite broadcasting, satellite communications, and terrestrial communications dropped.

In the Microwave Tubes and Radar Components Division, sales were ¥4,567 million. Although sales in the consumer electron tubes and radar components declined, governmental electron tubes increased and exceeded the previous year.

Operating income by segment is presented in the table below. Consolidated operating income, excluding eliminations of ¥5,087 million, was ¥1,222 million.

Unit: Millions of Yen

	Semiconductor Devices Division	Microwave Application Products Division	Microwave Tubes and Radar Components Division	Total
Net Sales	41,499	3,369	4,567	49,437
Operating expenses	36,011	3,141	3,974	43,126
Segment operating income	5,488	228	593	6,309
Eliminations	-	-	-	5,087
Operating income	-	-	-	1,222

Net sales to customers by geographic segment

Unit: Millions of Yen

	2002		2001	
Japan	24,099	(48.7%)	¥33,054	(52.5%)
Asia	17,598	(35.6%)	20,411	(34.4%)
North America	3,214	(6.5%)	4,462	(6.4%)
Europe	1,345	(2.7%)	2,091	(5.4%)
Others	3,180	(6.5%)	4,824	(1.3%)
Total	49,437	(100.0%)	¥64,842	(100.0%)

Capital expenditures

Capital expenditures for this consolidated fiscal year amounted to ¥3,471 million on an acquisition basis; consisted mainly of investments to update and streamline semiconductor production facilities, reduce labor costs, and fund research and development programs.

Financial position

Total assets at the end of this consolidated fiscal year amounted to ¥56,874 million, fell ¥8,626 million. Current assets fell ¥8,125 million. Cash and cash equivalents decreased ¥3,949 million to ¥4,118 million, due to slowdown in our core semiconductor products and increased expenditures on payment of corporate tax, etc., and acquisition of tangible fixed assets. The amount of inventory assets decreased ¥468 million to ¥14,862 million, mainly for semiconductor products.

Total liabilities decreased ¥8,831 million to ¥39,186 million. This was attributable to reduced trade payables of raw materials, etc., due to a substantial declining in production.

Consolidated Balance Sheets

New Japan Radio Co., Ltd. and Subsidiaries   March 31, 2002 and 2001

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2002**	2001	**2002**
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 4,118**	¥ 8,067	**$ 30,904**
Short-term investments (Note 5)		28	
Notes and accounts receivable (Note 16):			
Trade notes	**2,263**	3,549	**16,983**
Trade accounts	**10,381**	12,308	**77,906**
Allowance for doubtful accounts	**(166)**	(177)	**(1,246)**
Inventories (Note 6)	**14,862**	15,330	**111,535**
Deferred tax assets (Note 9)	**584**	970	**4,383**
Other current assets (Note 16)	**683**	775	**5,126**
Total current assets	**32,725**	40,850	**245,591**
PROPERTY, PLANT AND EQUIPMENT (Note 7)**:**			
Land	**231**	226	**1,734**
Buildings and structures	**23,844**	23,404	**178,942**
Machinery and equipment	**51,374**	49,556	**385,546**
Furniture and fixtures	**9,580**	9,511	**71,895**
Construction in progress	**811**	447	**6,086**
Total	**85,840**	83,144	**644,203**
Accumulated depreciation	**(67,695)**	(64,024)	**(508,030)**
Net property, plant and equipment	**18,145**	19,120	**136,173**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	**1,561**	960	**11,715**
Long-term loans	**324**	385	**2,432**
Long-term receivables	**56**	76	**421**
Deferred charges	**752**	999	**5,643**
Deferred tax assets (Note 9)	**2,514**	2,225	**18,867**
Other assets	**947**	1,057	**7,106**
Allowance for doubtful accounts	**(150)**	(172)	**(1,126)**
Total investments and other assets	**6,004**	5,530	**45,058**
TOTAL	**¥ 56,874**	¥ 65,500	**$ 426,822**

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2002	Millions of Yen 2001	Thousands of U.S. Dollars (Note 1) 2002
CURRENT LIABILITIES:			
Short-term bank loans (Note 7)	**¥ 9,839**	¥ 8,808	**$ 73,839**
Current portion of long-term debt (Note 7)	**3,856**	1,953	**28,938**
Notes and accounts payable (Note 16):			
Trade notes	**333**	1,444	**2,499**
Trade accounts	**6,236**	8,616	**46,799**
Construction and other	**1,247**	3,228	**9,358**
Income taxes payable (Note 9)	**60**	2,687	**450**
Accrued expenses (Note 16)	**3,200**	3,785	**24,015**
Other current liabilities	**275**	332	**2,064**
Total current liabilities	**25,046**	30,853	**187,962**
LONG-TERM LIABILITIES:			
Long-term debt (Note 7)	**6,453**	9,536	**48,428**
Liability for retirement benefits (Note 8)	**7,477**	7,452	**56,113**
Deferred tax liabilities (Note 9)		9	
Other long-term liabilities	**210**	167	**1,576**
Total long-term liabilities	**14,140**	17,164	**106,117**
CONTINGENT LIABILITIES			
SHAREHOLDERS' EQUITY (Note 10):			
Common stock—authorized, 138,000,000 shares; issued and outstanding, 39,100,000 shares	**5,207**	5,207	**39,077**
Additional paid-in capital	**5,211**	5,211	**39,107**
Retained earnings	**7,669**	7,504	**57,553**
Net unrealized gain on available-for-sale securities	**87**	199	**653**
Foreign currency translation adjustments	**(486)**	(638)	**(3,647)**
Total shareholders' equity	**17,688**	17,483	**132,743**
TOTAL	**¥ 56,874**	¥ 65,500	**$ 426,822**

Consolidated Statements of Income

New Japan Radio Co., Ltd. and Subsidiaries Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2002	2001	2000	**2002**
NET SALES (Notes 15 and 16)	**¥ 49,437**	¥ 64,842	¥ 58,376	**$ 371,009**
COST OF SALES (Notes 8, 11, 13, 15 and 16)	**37,656**	47,440	45,591	**282,596**
Gross profit	**11,781**	17,402	12,785	**88,413**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 8, 11, 13, 15 and 16)	**10,559**	10,248	9,590	**79,242**
Operating income	**1,222**	7,154	3,195	**9,171**
OTHER INCOME (EXPENSES):				
Interest and dividends income	**29**	57	84	**217**
Interest expenses	**(296)**	(423)	(505)	**(2,221)**
Foreign exchange gains (losses)	**353**	552	(325)	**2,649**
Losses on disposal of inventories	**(76)**	(388)	(299)	**(570)**
Amortization of bond discount			(204)	
Reversal of (provision for) doubtful accounts	**18**	(84)		**135**
Prior service costs			(656)	
Gain on repurchases of warrants			981	
Charge for full amount of transitional obligations for retirement benefits		(3,433)		
Reversal of prior service costs		417		
Provision for retirement benefits			(756)	
Other—net (Note 12)	**(148)**	(268)	(15)	**(1,111)**
Other expenses—net	**(120)**	(3,570)	(1,695)	**(901)**
INCOME BEFORE INCOME TAXES	**1,102**	3,584	1,500	**8,270**
INCOME TAXES (Note 9):				
Current	**272**	3,185	1,002	**2,041**
Deferred	**175**	(2,056)	(478)	**1,313**
Total income taxes	**447**	1,129	524	**3,354**
NET INCOME	**¥ 655**	¥ 2,455	¥ 976	**$ 4,916**
	Yen			U.S. Dollars
PER SHARE OF COMMON STOCK:				
Net income	**¥ 16.75**	¥ 62.78	¥ 24.95	**$ 0.13**
Cash dividends applicable to the year	**10.00**	15.00	7.00	**0.08**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

New Japan Radio Co., Ltd. and Subsidiaries   Years Ended March 31, 2002, 2001 and 2000

	Thousands	Millions of Yen					
	Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock—At Cost
BALANCE, APRIL 1, 1999	39,100	¥ 5,207	¥ 5,211	¥ 4,876			Nil
Net income				976			
Cash dividends, ¥7 per share				(274)			
Bonuses to directors				(25)			
BALANCE, MARCH 31, 2000	39,100	5,207	5,211	5,553			Nil
Net income				2,455			
Cash dividends, ¥12 per share				(469)			
Bonuses to directors				(35)			
Net increase in unrealized gain on available-for-sale securities					¥ 199		
Net decrease in foreign currency translation adjustments						¥ (638)	
BALANCE, MARCH 31, 2001	39,100	5,207	5,211	7,504	199	(638)	Nil
Net income				655			
Cash dividends, ¥11.5 per share				(450)			
Bonuses to directors				(40)			
Net decrease in unrealized gain on available-for-sale securities					(112)		
Net increase in foreign currency translation adjustments						152	
BALANCE, MARCH 31, 2002	**39,100**	**¥ 5,207**	**¥ 5,211**	**¥ 7,669**	**¥ 87**	**¥ (486)**	**Nil**

	Thousands of U.S. Dollars (Note 1)					
	Common Stock	Additional Paid-in Capital	Retained Earnings	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock—At Cost
BALANCE, MARCH 31, 2001	$ 39,077	$ 39,107	$ 56,315	$ 1,494	$ (4,788)	Nil
Net income			4,916			
Cash dividends, $0.09 per share			(3,378)			
Bonuses to directors			(300)			
Net decrease in unrealized gain on available-for-sale securities				(841)		
Net increase in foreign currency translation adjustments					1,141	
BALANCE, MARCH 31, 2002	**$ 39,077**	**$ 39,107**	**$ 57,553**	**$ 653**	**$ (3,647)**	**Nil**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

New Japan Radio Co., Ltd. and Subsidiaries Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2002	2001	2000	**2002**
OPERATING ACTIVITIES:				
Income before income taxes	**¥ 1,102**	¥ 3,584	¥ 1,500	**$ 8,270**
Adjustments for:				
Income taxes paid	**(3,022)**	(1,359)	(377)	**(22,679)**
Depreciation and amortization	**4,925**	5,264	5,421	**36,961**
Loss on sales and disposals of property, plant and equipment	**109**	258	83	**818**
Gain on repurchases of warrants			(981)	
Bonuses to directors	**(40)**	(35)	(25)	**(300)**
Changes in assets and liabilities:				
Increase (decrease) in allowance for doubtful accounts	**(37)**	83	66	**(278)**
Increase in liability for retirement benefits	**25**	3,310	1,541	**188**
Decrease in interest and dividends receivable			3	
Increase (decrease) in interest payable	**22**	(32)	8	**165**
Decrease (increase) in notes and accounts receivable	**3,354**	(262)	(2,611)	**25,171**
Decrease (increase) in inventories	**542**	(2,058)	272	**4,067**
Increase (decrease) in notes and accounts payable	**(3,633)**	836	2,460	**(27,265)**
Other—net	**(416)**	447	311	**(3,122)**
Total adjustments	**1,829**	6,452	6,171	**13,726**
Net cash provided by operating activities	**2,931**	10,036	7,671	**21,996**
INVESTING ACTIVITIES:				
Purchases of short-term investments		(53)	(5,529)	
Proceeds from short-term investments	**28**	53	8,500	**210**
Proceeds from sales of marketable securities			25	
Purchases of property, plant and equipment	**(5,447)**	(4,424)	(3,818)	**(40,878)**
Proceeds from sales of property, plant and equipment	**69**	7	1	**518**
Purchases of investment securities	**(885)**	(206)	(3)	**(6,642)**
Proceeds from sales of investment securities			9	
Collection of loans receivable	**61**	61	64	**458**
Other—net	**(137)**	(250)	(193)	**(1,028)**
Net cash used in investing activities	**(6,311)**	(4,812)	(944)	**(47,362)**
FORWARD	**¥ (3,380)**	¥ 5,224	¥ 6,727	**$ (25,366)**

Consolidated Statements of Cash Flows

New Japan Radio Co., Ltd. and Subsidiaries Years Ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2002	2001	2000	**2002**
FORWARD	**¥ (3,380)**	¥ 5,224	¥ 6,727	**$ (25,366)**
FINANCING ACTIVITIES:				
Net change in short-term bank loans	**1,030**	(120)	(2,400)	**7,730**
Proceeds from long-term debt	**821**	315	5,500	**6,161**
Repayments of long-term debt	**(1,987)**	(2,126)	(1,468)	**(14,912)**
Expenditures for redemption of bonds		(1,300)	(8,429)	
Cash dividends	**(450)**	(469)	(274)	**(3,377)**
Net cash used in financing activities	**(586)**	(3,700)	(7,071)	**(4,398)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**17**	66	(1)	**128**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,949)**	1,590	(345)	**(29,636)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**8,067**	6,477	6,822	**60,540**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 4,118**	¥ 8,067	¥ 6,477	**$ 30,904**

See notes to consolidated financial statements.

1. BASIS OF PRESENTING 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 and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In accordance with accounting procedures generally accepted in Japan, certain comparative disclosures are not required to be and have not been presented herein.

Certain reclassifications have been made in the 2001 and 2000 consolidated financial statements to conform to the classifications used in 2002.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which New Japan Radio Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.25 to U.S.$1, the approximate rate of exchange at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements include the accounts of the Company and all its subsidiaries (together, the "Companies"). Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. There are no companies that are accounted for by the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Companies is eliminated.

b. Cash and Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

c. **Foreign Currency Transactions—**Prior to April 1, 2000, short-term monetary assets and liabilities denominated in foreign currencies were translated into Japanese yen at the current exchange rates prevailing at each balance sheet date; long-term monetary assets and liabilities in foreign currencies are translated at exchange rates prevailing when acquired or incurred, except for the liabilities which are translated at contracted rates.

Effective April 1, 2000, the Company and its domestic subsidiaries adopted a revised accounting standard for foreign currency transactions. In accordance with the revised standard, all short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

As a result of adopting the revised accounting standards for foreign currency transactions, income before income taxes increased by ¥36 million for the year ended March 31, 2001.

d. **Foreign Currency Financial Statements—**Financial statements of foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date for all balance sheet accounts except for shareholders' equity accounts, which are translated at the historical exchange rate.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

e. **Marketable and Investment Securities—**Prior to April 1, 2000, current and non-current marketable securities were stated at the lower of cost, determined by the moving-average method, or market, as applied to each securities.

Effective April 1, 2000, the Company and its domestic subsidiaries adopted a new accounting standard for financial instruments. Under this standard, all marketable securities the Companies own are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method.

As a result of adopting the new accounting standard for financial instruments was to increase income before income taxes by ¥31 million for the year ended March 31, 2001.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. **Inventories—**Merchandise and finished goods are stated at cost determined by the moving-average method.

Raw materials are stated at cost determined by the average method.

Work in process is stated at cost, determined by the average method, or using the specific identification method.

Inventories of foreign consolidated subsidiaries are stated at the lower of cost or market determined by the average method.

g. Property, Plant and Equipment—Property, plant and equipment are recorded at cost.

Depreciation of property, plant and equipment is computed by the declining-balance method at rates based upon the usage of the assets over the estimated useful lives of the assets while the straight-line method is applied to buildings of the Company and its domestic subsidiaries acquired after April 1, 1998.

Estimated useful lives are as follows:

Buildings and structures	2 to 50 years
Machinery and equipment	2 to 10 years
Furniture and fixtures	1 to 20 years

h. Other Assets—Intangible assets and goodwill are carried at cost less accumulated amortization, which is calculated by the straight-line method principally over 2 to 5 years for intangible assets and over 5 years for goodwill.

i. Retirement Benefits—Under the employees' retirement plans for the Company, prior to April 1, 2000, the Company has provided as an allowance for employees' retirement benefits an amount equal to 40 percent of the amount that would be required to be paid if all employees retired on a voluntary basis at each balance sheet date. The Company also has a non-contributory funded pension plan covering only employees who have 18 years or more of service. Prior service costs under the non-contributory funded pension plan for employees were charged to income as incurred.

Under the employees' retirement plans for the Company's domestic subsidiaries, prior to April 1, 2000, the domestic subsidiaries have provided as an allowance for employees' retirement benefits an amount equal to 100 percent of the amount that would be required to be paid if all employees retired on a voluntary basis at each balance sheet date.

Effective April 1, 2000, the Companies adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date.

The full amount of the transitional obligation of ¥3,433 million at the beginning of the year is charged to income and presented as other expense in the income statement. As a result, net periodic benefit costs as compared with the prior method, increased by ¥3,285 million and income before income taxes decreased by ¥3,285 million.

The Company has provided an allowance for directors' and corporate auditors' retirement benefits calculated in accordance with the Company's rules and has included this amount in the liability for retirement benefits.

j. **Allowance for Doubtful Accounts—**The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

k. **Research and Development Costs—**Research and development costs are charged to income as incurred.

l. **Income Taxes—**The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

m. **Appropriations of Retained Earnings—**Appropriations of retained earnings are accounted for and reflected in the accompanying consolidated financial statements when approved by the shareholders.

n. **Leases—**All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

o. **Derivative Financial Instruments—**The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency option contracts and interest rate swaps are utilized by the Companies to reduce foreign currency exchange and interest rate risks. The Companies do not enter into derivatives for trading or speculative purposes.

Effective April 1, 2000, the Companies adopted a new accounting standard for derivative financial instruments and a revised accounting standard for foreign currency transactions. These standards require that: (a) all derivatives be recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

p. **Per Share Information—**The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each year. The average number of common shares used in the computation was 39,099,453 shares, 39,099,876 shares and 39,100,000 shares for 2002, 2001 and 2000, respectively.

Diluted net income per share is not disclosed because it is anti-dilutive in 2002 and there are no potential common stock equivalents in 2001 and 2000.

Cash dividends per share shown in the consolidated statements of income are the amounts applicable to the respective years without giving retroactive adjustment for subsequent stock splits.

3. ACCOUNTING CHANGE

Effective April 1, 1999, the domestic subsidiaries changed their accounting policy for employees' retirement benefits from providing 40 percent to 100 percent of the amount that would be required to be paid if all employees retired on a voluntary basis at each balance sheet date. This change was made in order to reflect periodic income and expenses more appropriately as a result of the investigation of various factors concerned with the eligible employees, such as age, structure and length of service, as well as the changes in circumstances of accounting practices in connection with retirement benefits. As a result of the change, income before income taxes for the year ended March 31, 2000, decreased by ¥832 million and the cumulative charge totaled ¥756 million. This cumulative charge was included in "other income (expenses)" in the 2000 consolidated statement of income.

Until March 31, 1999, prior service costs under the non-contributory funded pension plan for employees were charged to income when they were paid. Effective April 1, 1999, however, the Company changed its method of accounting for such prior service costs to provide for them at the present value amount which would be required at the year end. This change was made in order to provide a more proper charge on pension costs and contribute to financial soundness of the Company. As a result of the change, income before income taxes for the year ended March 31, 2000, decreased by ¥592 million and the cumulative charge totaled ¥656 million. This cumulative charge was included in "other income (expenses)" in the 2000 consolidated statement of income.

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Non-current:			
Marketable equity securities	**¥ 1,537**	¥ 935	**$ 11,535**
Government and corporate bonds	**9**	10	**68**
Other	**15**	15	**112**
Total	**¥ 1,561**	¥ 960	**$ 11,715**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2002 and 2001, were as follows:

	Millions of Yen			
	2002			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale:				
Equity securities	**¥ 1,390**	**¥ 222**	**¥ 75**	**¥ 1,537**
Debt securities	**6**	**3**		**9**

	Millions of Yen			
	2001			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale:				
Equity securities	¥ 595	¥ 372	¥ 32	¥ 935
Debt securities	6	4		10

	Thousands of U.S. Dollars			
	2002			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale:				
Equity securities	**$ 10,432**	**$ 1,666**	**$ 563**	**$ 11,535**
Debt securities	**45**	**23**		**68**

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2002 and 2001, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Available-for-sale—Equity securities	**¥ 15**	¥ 15	**$ 112**
Total	**¥ 15**	¥ 15	**$ 112**

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2002, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Due after one year through five years	¥ 9	$ 68
Total	¥ 9	$ 68

The difference between the above carrying value and the amounts shown in the accompanying consolidated balance sheets principally consists of money management funds and non-marketable securities for which there is no readily-available market from which to obtain or calculate the market value thereof.

5. SHORT-TERM INVESTMENTS

Short-term investments at March 31, 2001, consisted of time deposits maturing after three months from the date of purchase.

The carrying amounts of assets pledged as collateral for long-term debt of ¥2,230 million ($16,736 thousand) at March 31, 2002, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Property, plant and equipment—net of accumulated depreciation	¥ 7,455	$ 55,947

8. RETIREMENT BENEFITS

The Company and its domestic subsidiaries have pension plans. The plans provide for lump-sum payments to terminated employees who have 2 years or more of continuous service.

The Company has a non-contributory funded pension plan covering only employees with 18 years or more of service. Such employees receive a lump-sum distribution upon mandatory retirements, equal to 50 percent of their total retirement benefits, payable from the pension fund.

Certain foreign subsidiaries have a contributory funded pension plan covering only employees who have 1 year or more continuous service.

Retirement allowances for employees are determined on the basis of length of service and current basic salary at the time of termination. If the termination is involuntary, the employee is usually entitled to greater payment than in the case of voluntary termination.

Effective April 1, 2000, the Company adopted a new accounting standard for employees' retirement benefits.

The liability for employees' retirement benefits at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Projected benefit obligation	**¥ 11,613**	¥ 10,295	**$ 87,152**
Fair value of plan assets	**(2,368)**	(2,192)	**(17,771)**
Unrecognized actuarial loss	**(1,986)**	(915)	**(14,904)**
Net liability	**¥ 7,259**	¥ 7,188	**$ 54,477**

The components of net periodic benefit costs are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Service cost	**¥ 687**	¥ 644	**$ 5,156**
Interest cost	**306**	325	**2,296**
Expected return on plan assets	**(138)**	(67)	**(1,036)**
Recognized actuarial loss	**61**		**458**
Charge for full amounts of prior service cost		(417)	
Credit for full amounts of transitional obligation		3,433	
Net periodic benefit costs	**¥ 916**	¥ 3,918	**$ 6,874**

6. INVENTORIES

Inventories at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Merchandise	**¥ 118**	¥ 245	**$ 886**
Finished goods	**4,630**	5,373	**34,747**
Work in process	**8,285**	7,816	**62,176**
Raw materials	**1,829**	1,896	**13,726**
Total	**¥ 14,862**	¥ 15,330	**$ 111,535**

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2002 and 2001, consisted of notes to banks and bank overdrafts. The annual weighted average interest rates for short-term bank loans for the years ended March 31, 2002 and 2001, were 0.65 percent and 0.94 percent, respectively.

Long-term debt at March 31, 2002 and 2001, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Loans from banks and other financial institutions, due serially to 2006 with interest rates ranging from 0.73 to 2.50 percent (2002), from 0.71 to 4.65 percent (2001):			
Collateralized	**¥ 2,230**	¥ 3,058	**$ 16,736**
Unsecured	**8,079**	8,431	**60,630**
Total	**10,309**	11,489	**77,366**
Less current portion	**(3,856)**	(1,953)	**(28,938)**
Long-term debt, less current portion	**¥ 6,453**	¥ 9,536	**$ 48,428**

Annual maturities of long-term debt outstanding at March 31, 2002, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2003	¥ 3,856	$ 28,938
2004	4,986	37,419
2005	846	6,349
2006	591	4,435
2007 and thereafter	30	225
Total	¥ 10,309	$ 77,366

Assumptions used for the years ended March 31, 2002 and 2001, are set forth as follows:

	2002	2001
Discount rate	**2.5%**	3.0%
Expected rate of return on plan assets	**6.3%**	3.3%
Amortization period of prior service cost		Fully amortized to income in the current period
Amortization period of transitional obligation		Fully amortized to income in the current period
Recognition period of actuarial gain/loss	**15 years**	15 years

The liability for retirement benefits to directors and corporate auditors included in the accompanying consolidated balance sheets amounted to ¥218 million ($1,636 thousand) and ¥264 million at March 31, 2002 and 2001, respectively. Amounts payable to directors and corporate auditors upon retirement are subject to the approval of the shareholders.

9. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 42 percent for the years ended March 31, 2002, 2001 and 2000.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities at March 31, 2002 and 2001, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Current			
Deferred tax assets:			
Inventories	**¥ 165**	¥ 233	**$ 1,238**
Accrued bonuses	**464**	516	**3,482**
Accrued enterprise tax	**1**	222	**8**
Others	**101**	115	**758**
Valuation allowance	**(49)**	(60)	**(368)**
Total	**682**	1,026	**5,118**
Deferred tax liabilities:			
Allowance for doubtful receivables	**14**	12	**105**
Undistributed earnings of subsidiaries	**27**		**202**
Others	**57**	44	**428**
Total	**98**	56	**735**
Net deferred tax assets	**¥ 584**	¥ 970	**$ 4,383**

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Non-current			
Deferred tax assets:			
Allowance for doubtful accounts	**¥ 8**	¥ 12	**$ 60**
Liability for retirement benefits	**2,424**	2,335	**18,191**
Tax loss carryforwards	**386**	207	**2,897**
Others	**127**	98	**953**
Valuation allowance	**(253)**	(179)	**(1,898)**
Total	**2,692**	2,473	**20,203**
Offset with deferred tax liabilities	**(178)**	(248)	**(1,336)**
Net deferred tax assets	**¥ 2,514**	¥ 2,225	**$ 18,867**
Deferred tax liabilities:			
Special reserve for tax purposes	**¥ 114**	¥ 113	**$ 856**
Unrealized gain on available-for-sale securities	**64**	144	**480**
Total	**178**	257	**1,336**
Offset with deferred tax assets	**(178)**	(248)	**(1,336)**
Net deferred tax liabilities	**Nil**	¥ 9	**Nil**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2002, 2001 and 2000, and the actual effective tax rates reflected in the accompanying consolidated statements of income was as follows:

	2002	2001	2000
Normal effective statutory tax rate	**42.0 %**	42.0 %	42.0 %
Taxation on per capita basis	**1.2**	0.3	0.8
Expenses not deductible for income tax purposes	**0.2**	0.6	1.9
Lower income tax rates applicable to income in certain foreign countries	**(2.9)**	(2.9)	(0.6)
Deduction for foreign subsidiaries' tax loss carryforward			(8.7)
Valuation allowance	**4.6**	(3.5)	
Non-taxable consolidation adjustment	**(0.8)**	(3.7)	
Others—net	**(3.7)**	(1.3)	(0.5)
Actual effective tax rate	**40.6 %**	31.5 %	34.9 %

At March 31, 2002, certain subsidiaries have tax loss carryforwards aggregating approximately ¥268 million ($2,013 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized totaling ¥268 million ($2,013 thousand), will expire in 2007.

10. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

Prior to October 1, 2001, the Code required at least 50 percent of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10 percent of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25 percent of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25 percent of stated capital. The amount of total additional paid-in capital and legal reserve which exceeds 25 percent of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Company's legal reserve amount, which is included in retained earnings, totals ¥442 million ($3,317 thousand) and ¥412 million as of March 31, 2002 and 2001, respectively. Under the Code, companies may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split could not be less than ¥50. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing companies to repurchase treasury stock by a resolution of the shareholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of stated capital, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

The Code permits companies to transfer a portion of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits companies to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Company's books. At March 31, 2002, retained earnings recorded on the Company's books were ¥5,944 million ($44,608 thousand) which is available for future dividends subject to the approval of the shareholders and legal reserve requirements.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

At the general shareholders meeting of the Company held on June 28, 2001, the Company's shareholders approved the following stock option plan. The plan provides for granting options to directors and key employee to purchase up to 113 thousand shares of the Company's common stock in the period from January 7, 2002 to December 20, 2005. The options will be exercisable at an exercise price of 105 percent of the average market price for the month immediately preceding the date of grant. The exercise price will be subject to adjustment if there are stock splits or additional shares issued for less than the market price.

11. RESEARCH AND DEVELOPMENT EXPENDITURES

Research and development costs charged to income for the years ended March 31, 2002, 2001 and 2000, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	**2002**
	¥ 5,542	¥ 5,353	¥ 6,031	**$ 41,591**

12. OTHER INCOME (EXPENSES)—OTHER—NET

Other income (expenses)—other—net consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	**2002**
Loss on sales and disposals of property, plant and equipment	**¥ (109)**	¥ (258)	¥ (83)	**$ (818)**
Loss on devaluation of investment securities	**(88)**	(55)		**(661)**
Other—net	**49**	45	68	**368**
Total	**¥ (148)**	¥ (268)	¥ (15)	**$ (1,111)**

13. LEASES

The Company and domestic subsidiaries have several lease agreements relating to office space, computer equipment and circuit equipment. Total lease payments under finance lease agreements that do not transfer ownership of the leased property to the Company were ¥409 million ($3,069 thousand), ¥390 million and ¥329 million for the years ended March 31, 2002, 2001 and 2000, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2002 and 2001, was as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	2002				**2002**			
	Machinery and Equipment	Furniture and Foxtures	Other	Total	Machinery and Equipment	Furniture and Foxtures	Other	Total
Acquisition cost	**¥ 1,307**	**¥ 7**	**¥ 485**	**¥ 1,799**	**$ 9,808**	**$ 53**	**$ 3,640**	**$ 13,501**
Accumulated depreciation	**720**	**2**	**216**	**938**	**5,403**	**15**	**1,621**	**7,039**
Net leased property	**¥ 587**	**¥ 5**	**¥ 269**	**¥ 861**	**$ 4,405**	**$ 38**	**$ 2,019**	**$ 6,462**

	Millions of Yen			
	2001			
	Machinery and Equipment	Furniture and Fixtures	Other	Total
Acquisition cost	¥ 1,314	¥ 10	¥ 460	¥ 1,784
Accumulated depreciation	714	4	137	855
Net leased property	¥ 600	¥ 6	¥ 323	¥ 929

Obligations under finance leases as of March 31, 2002 and 2001, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2002	2001	**2002**
Due within one year	**¥ 333**	¥ 332	**$ 2,499**
Due after one year	**545**	614	**4,090**
Total	**¥ 878**	¥ 946	**$ 6,589**

The imputed interest expense portion which is computed using the interest method is excluded from the above obligations under finance leases.

Depreciation expense and interest expense under finance leases as of 2002, 2001 and 2000, were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	**2002**
Depreciation expense	**¥ 387**	¥ 366	¥ 306	**$ 2,904**
Interest expense	**22**	24	21	**165**
Total	**¥ 409**	¥ 390	¥ 327	**$ 3,069**

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, are computed by the straight-line method and the interest method, respectively.

14. DERIVATIVES

The Company enters into foreign exchange forward contracts and currency option contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Company also enters into interest rate swap contracts as a means of managing its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated with its financing activities. The Company does not hold or issue derivatives for trading purposes.

Because the counterparties to these derivatives are limited to major international financial institutions, the Company does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Company have been made in accordance with internal policies which regulate the authorization and credit limit amount.

The Company had the following derivatives contracts outstanding at March 31, 2000:

	Millions of Yen	
	2000	
	Contract or Notional Amount	Fair Value (Loss)
Interest rate swaps (fixed rate payments, floating rate receipt)	¥ 1,300	¥ (65)

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit or market risk.

Forward exchange contracted amounts which are assigned to assets or liabilities and are reflected on the balance sheet at year end are not subject to the disclosure of market value information.

15. SEGMENT INFORMATION

Information about industry segments, geographical segments and sales to foreign customers of the Companies for the years ended March 31, 2002, 2001 and 2000, was as follows:

(1) Industry Segments

Industry segments information is not shown since substantially all consolidated net sales, operating income and identifiable assets for 2002, 2001 and 2000 resulted from the primary business of the Companies, which is to manufacture and sell electronics devices such as electron tubes and semiconductor devices.

(2) Geographical Segments

The segment information is grouped by geographic area based on the countries and areas where the Companies are located. The segments except for Japan, Asia, North America, mainly consist of the following countries and areas:

Asia —Thailand, Singapore, Hong Kong
North America—United States of America

The geographical segments of the Companies for the years ended March 31, 2002, 2001 and 2000, are summarized as follows:

	Millions of Yen				
	2002				
	Japan	Asia	North America	Eliminations or Corporate	Consolidated
Sales:					
To customers	**¥ 40,483**	**¥ 5,118**	**¥ 3,836**		**¥ 49,437**
Interarea transfers	**7,455**	**4,039**	**215**	**¥ (11,709)**	
Total	**47,938**	**9,157**	**4,051**	**(11,709)**	**49,437**
Operating expenses	**41,884**	**8,883**	**4,021**	**(6,573)**	**48,215**
Operating income	**¥ 6,054**	**¥ 274**	**¥ 30**	**¥ (5,136)**	**¥ 1,222**
Total assets	**¥ 49,427**	**¥ 4,427**	**¥ 866**	**¥ 2,154**	**¥ 56,874**

	Thousands of U.S. Dollars				
	2002				
	Japan	Asia	North America	Eliminations or Corporate	Consolidated
Sales:					
To customers	**$ 303,812**	**$ 38,409**	**$ 28,788**		**$ 371,009**
Interarea transfers	**55,948**	**30,311**	**1,614**	**$ (87,873)**	
Total	**359,760**	**68,720**	**30,402**	**(87,873)**	**371,009**
Operating expenses	**314,326**	**66,664**	**30,177**	**(49,329)**	**361,838**
Operating income	**$ 45,434**	**$ 2,056**	**$ 225**	**$ (38,544)**	**$ 9,171**
Total assets	**$ 370,935**	**$ 33,223**	**$ 6,499**	**$ 16,165**	**$ 426,822**

	Millions of Yen				
	2001				
	Japan	Asia	North America	Eliminations or Corporate	Consolidated
Sales:					
To customers	¥ 52,638	7,325	4,879		¥ 64,842
Interarea transfers	11,369	4,377	241	¥ (15,987)	
Total	64,007	11,702	5,120	(15,987)	64,842
Operating expenses	52,673	11,021	4,945	(10,951)	57,688
Operating income	¥ 11,334	¥ 681	¥ 175	¥ (5,036)	¥ 7,154
Total assets	¥ 56,078	¥ 4,540	¥ 1,330	¥ 3,552	¥ 65,500

	Millions of Yen				
	2000				
	Japan	Asia	North America	Eliminations or Corporate	Consolidated
Sales:					
To customers	¥ 46,811	¥ 7,608	¥ 3,957		¥ 58,376
Interarea transfers	10,795	4,155	270	¥ (15,220)	
Total	57,606	11,763	4,227	(15,220)	58,376
Operating expenses	50,257	11,585	4,224	(10,885)	55,181
Operating income	¥ 7,349	¥ 178	¥ 3	¥ (4,335)	¥ 3,195
Total assets	¥ 51,301	¥ 4,245	¥ 1,081	¥ 1,880	¥ 58,507

Notes: 1. The unallocated operating expenses for the years ended March 31, 2002, 2001 and 2000, amounting to ¥5,088 million ($38,184 thousand), ¥4,601 million and ¥4,056 million, respectively, were included in "Eliminations or corporate" column, which mainly consisted of administration expense of the Company.

2. The corporate assets at March 31, 2002, 2001 and 2000, amounting to ¥6,020 million ($45,178 thousand), ¥8,305 million and ¥7,210 million, respectively, were included in "Eliminations or corporate" column, and consisted primarily of funds held by the Company for earning income or investing purposes (cash, time deposits, marketable securities and investment securities) and assets held for administration of the Company.

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2002, 2001 and 2000, amounted to ¥25,338 million ($190,154 thousand), ¥31,789 million and ¥27,732 million, respectively, and accounted for 51.3 percent, 49.0 percent and 47.5 percent, respectively, of the consolidated net sales.

The segment information is grouped by geographic area based on the countries and areas where the Companies' customers are located. Asia, North America, Europe and other, mainly consist of the following countries and areas:

Asia —Hong Kong, Republic of Korea, Singapore, China, Malaysia, Taiwan
North America—United States of America
Europe —France, United Kingdom, Holland
Other —Mexico, Israel

	Millions of Yen				
	2002				
	Asia	North America	Europe	Other	Total
Sales	**¥ 17,598**	**¥ 3,214**	**¥ 1,345**	**¥ 3,181**	**¥ 25,338**

	Thousands of U.S. Dollars				
	2002				
	Asia	North America	Europe	Other	Total
Sales	**$ 132,068**	**$ 24,120**	**$ 10,094**	**$ 23,872**	**$ 190,154**

	Millions of Yen				
	2001				
	Asia	North America	Europe	Other	Total
Sales	¥ 20,411	¥ 4,463	¥ 2,091	¥ 4,824	¥ 31,789

	Millions of Yen				
	2000				
	Asia	North America	Europe	Other	Total
Sales	¥ 20,057	¥ 3,725	¥ 3,167	¥ 783	¥ 27,732

16. RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Japan Radio Co., Ltd. (the "Parent"). At March 31, 2002, the Parent held 19,756 thousand shares of common stock of the Company, 50.53 percent of the total outstanding shares.

Transactions with and balances due from and to the Parent for the years ended March 31, 2002, 2001 and 2000, are principally as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2002	2001	2000	**2002**
Transactions:				
Sales	**¥ 496**	¥ 519	¥ 428	**$ 3,722**
Purchase		3	8	
Services	**13**	32	11	**98**
Rental cost and other expense	**42**	41	41	**315**
Purchase of the equipments	**4**	37		**30**
Purchase of marketable securities	**882**			**6,619**
Balances:				
Trade accounts receivable	**118**	145	101	**886**
Other receivable	**2**	3	1	**15**
Trade accounts payable			8	
Other payable		38		
Accrued expenses	**3**	3	3	**23**

17. SUBSEQUENT EVENTS

(1) At the general shareholders meeting of the Company held on June 27, 2002, the appropriations of retained earnings were duly approved as follows:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥5.0 ($0.04) per share	¥ 195	$ 1,464
Bonuses to directors	40	300
Total	¥ 235	$ 1,764

(2) At the general shareholders meeting held on June 27, 2002, the Company's shareholders approved the purchase of treasury stock.

The Company is authorized to repurchase up to 2 million shares of the Company's common stock (aggregate amount of ¥2 billion).

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Independent Auditors' Report

To the Board of Directors and Shareholders of
New Japan Radio Co., Ltd.:

We have examined the consolidated balance sheets of New Japan Radio Co., Ltd. and subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2002, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of New Japan Radio Co., Ltd. and subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2002, in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, made as of April 1, 1999, in the accounting for allowance for employees' retirement benefits and prior service costs under the non-contributory funded pension plan for employees as discussed in Note 3.

As discussed in Note 2, effective April 1, 2000, the consolidated financial statements have been prepared in accordance with new accounting standards for employees' retirement benefits and financial instruments and a revised accounting standard for foreign currency transactions.

Our examinations also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 27, 2002