



A N N U A L R E P O R T

NISSHO IWAI

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In July 1999, Nissho Iwai reorganized its businesses into four operational groups. Although total trading transactions and gross trading profit are discussed in terms of the previous six commodity categories in the Management's Discussion and Analysis section, for the convenience of our readers we have also classified these figures on an operational group basis, a practice followed elsewhere in this Annual Report.

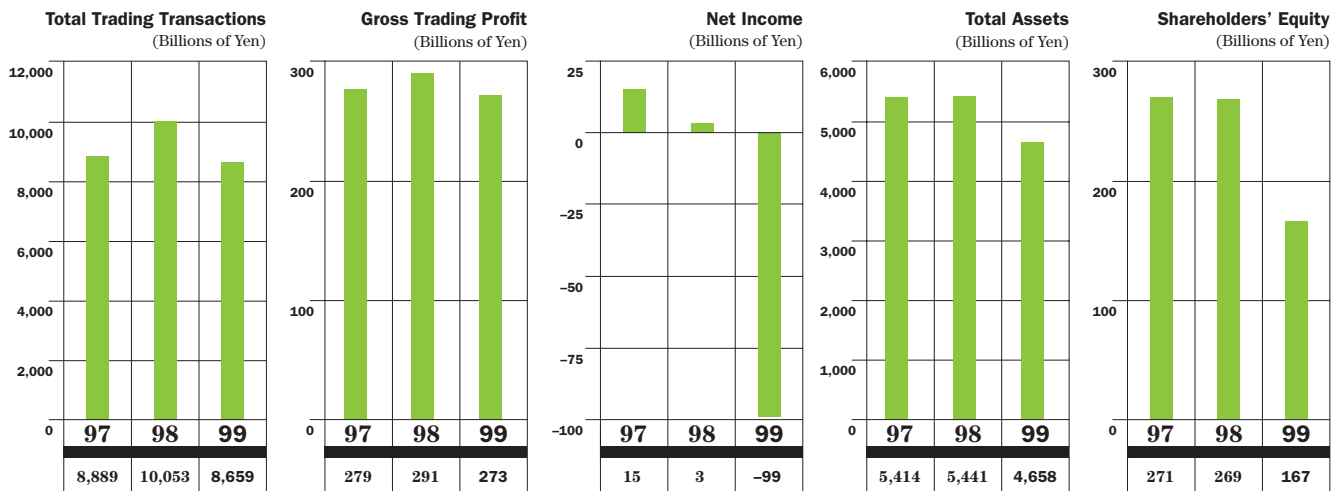


FINANCIAL HIGHLIGHTS

NISSHO IWAI CORPORATION AND CONSOLIDATED SUBSIDIARIES

	Millions of yen			Thousands of U.S. dollars
	1999	1998	1997	1999
For the years ended March 31:				
Total trading transactions	¥8,658,906	¥10,052,747	¥8,889,419	\$71,561,207
Gross trading profit.....	272,899	291,332	278,538	2,255,364
Operating income.....	46,124	59,675	48,187	381,190
Net income (loss).....	(98,542)	3,038	15,421	(814,397)
As of March 31:				
Total assets	¥4,658,033	¥ 5,440,638	¥5,414,490	\$38,496,140
Shareholders' equity	166,834	269,310	270,937	1,378,793
Per share amounts:				
Net income (loss).....	¥ (112.69)	¥ 3.47	¥ 18.38	(93.13)¢
Cash dividends.....	—	5.00	5.00	—

Note: Yen amounts have been translated for convenience only, at ¥121=US\$1.



Operating results for the fiscal year ended March 31, 1999, were adversely impacted by severe economic conditions in Japan and the change in accounting periods at major overseas subsidiaries. Further, Nissho Iwai recorded a net loss for the year as a result of one-time charges to reduce underperforming financial assets.

However, we have made significant progress in streamlining assets, slashing debt, improving profitability and raising management efficiency under a new management plan. As the new President, I will carry out additional measures rapidly and effectively to rebuild a sound and profitable corporate structure by March 2002.

Streamlining Assets and Reforming Management

In the fiscal year under review, the Japanese economy recorded the second consecutive year of negative growth. The downturn in consumer spending and private-sector capital investment accelerated and the corporate earnings environment deteriorated further.

In this environment, the Board of Directors approved aggressive measures to strengthen Nissho Iwai's financial structure. We streamlined financial assets, including the liquidation of a domestic financing subsidiary, essentially completing our goal of eliminating underperforming financial assets. At the same time, we launched a new strategic plan to reinforce our financial position and reform the earnings structure of our operations.

Based on these policies and initiatives, we have set aggressive targets to be achieved by the end of March 2002. We aim to reduce our workforce by 1,000 employees and achieve a sharp reduction in selling and administrative expenses, while strengthening Group operations by merging and liquidating subsidiaries and affiliates. We have introduced a wide range of management reforms: creating a more efficient organization, enhancing risk management capabilities, introducing a new performance-based personnel system and strengthening the role of our

Board of Directors.

Amid a prolonged credit crunch in Japan caused by instability in the financial sector, we reaffirmed close relationships with our main banks by establishing a ¥600 billion credit facility, with Sanwa Bank, Ltd. acting as the agent for eight major participating institutions.

The above initiatives represent substantial progress in strengthening our corporate structure. To accelerate reform and take further action, on March 26, 1999, the Board of Directors elected me as President of Nissho Iwai effective April 1, 1999.

Performance

Total trading transactions during the fiscal year under review decreased 13.9% to ¥8,659 billion, with declines in each operational group: 12.5% in the Metals Group; 10.8% in the Machinery & Information Industries Group; 14.2% in the Energy & Chemicals Group; and 17.8% in the Consumer Products Group.

Although an increase in the number of consolidated subsidiaries resulted in a moderate rise in transactions, contributions of major subsidiaries in the United States, Europe and Hong Kong reflected only nine months of operations owing to a change in accounting periods from March to December settlements. This accounting change offset a solid underlying performance in North America and was one of the major factors in the decline in total trading transactions.

We have clarified the importance of earnings contribution as the key performance benchmark rather than sales growth through a series of management reforms. During the fiscal year under review, gross trading profit declined 6.3% to ¥273 billion, despite the shorter accounting periods at overseas subsidiaries and severe market conditions in Japan. Such relatively moderate decline in gross trading profit demonstrates the healthy earnings power of our operations.



On the non-operating level, we recorded charges to liquidate underperforming financial assets and established a provision for overseas doubtful receivables mainly due from Asian entities. As a result of these extraordinary charges, Nissho Iwai recorded a net loss of ¥99 billion for the fiscal year.

The net loss for the current year can be mainly ascribed to the one-time liquidation of underperforming financial assets. Our operating strength remains as solid as ever, and we will continue to raise the profitability of core businesses as the first step toward rebuilding our equity base.

Strategic Direction

Although the fiscal year under review was an extremely challenging period for Nissho Iwai, we put in place a program to rebuild our corporate structure and are rapidly carrying out important initiatives to support future performance. By March 2002, we are confident that we will realize a more solid corporate structure founded on an efficient business portfolio.

The Nissho Iwai Group includes the operations of more than 600 companies operating in a broad cross-section of industries. While generating the synergies of a *sogo shosha*, we will focus resources in such strategically important markets as information industries, natural gas, foodstuffs, life science business, logistics and service industries.

As the new President, I am committed to building a base for sustainable growth and the creation of new shareholder value.

A handwritten signature in black ink on a light yellow background. The signature is stylized and cursive, appearing to read 'Shiro Yasutake'.

Shiro Yasutake
President and Chief Executive Officer
July 1999

Building a Stronger Corpo

In September 1998, Nissho Iwai initiated one-time measures to slash underperforming financial assets, while formulating a medium-term management plan to guide a wide range of initiatives to raise profitability and reinforce our corporate structure, as outlined in Figure 1.

Figure 1

Key Points of Medium-Term Management Plan

Fundamental Policies

- (1) Improve financial position**
- (2) Reform earnings structure**

Measures

- (1) Concentrate resources in strategic core businesses**
- (2) Rebuild the balance sheet by streamlining assets and reducing debt**
- (3) Reform the cost structure by reorganization**
- (4) Merge and liquidate Group companies to strengthen consolidated management**
- (5) Improve and reinforce risk management**
- (6) Strengthen corporate governance**

rate Structure

Fundamental Policies

Improving our financial position and reforming the earnings structure are mutually reinforcing processes. We will reform our earnings structure by withdrawing from non-core businesses and low-margin transactions. At the same time, this will allow us to concentrate assets in profitable areas and strengthen our balance sheet. The combined effect of stronger earnings and a healthier balance sheet is aimed at enhancing our financial standing, credit ratings and ability to raise capital.

Measures

Measure 1: Concentrate resources in strategic core businesses

As part of our efforts to reform the earnings structure, we will concentrate resources in core businesses with strategic importance. This entails clarifying our shift from sales growth to profit contribution as the primary management benchmark.

The traditional business model of the *sogo shosha*, or general trading company, has been as the name suggests: a trading company that handles nearly every kind of business. At Nissho Iwai, we do not believe that this requires carrying out low-margin operations. Instead, we aim to be a *sogo shosha* that integrates high-performance core businesses through the rigorous selection of our business portfolio and the strategic allocation of resources.

However, maintaining a presence in different markets is essential to realize the core competencies of a *sogo shosha*. Consequently, our vision is to be an integrated group of strategically important and mutually reinforcing businesses rather than simply a collection of core businesses in a single entity. In other words, the strength of a *sogo shosha* lies in making integrated use of global networks in a broad cross-section of product categories and trading functions, and harnessing the synergies that result. We believe this role will be increasingly vital amid ongoing progress in the globalization of commercial activities.

To more effectively select and concentrate resources on core businesses, we have established return on funds (ROF; Note 1) and the cost coverage ratio (CCR; Note 2) as internal performance measures. These provide a quantitative framework to guide the withdrawal from low-margin operations and to shift capital and other resources into high-profit areas.

As one step to improve our earnings structure, in July 1999 we carried out a Company-wide reorganization, consolidating our previous six business groups into four—the Metals Group, the Machinery & Information Industries Group, the Energy & Chemicals Group, and the Consumer Products Group—to facilitate specialization in core businesses. In the case of the former Financial Products & Precious Metals Group, we transferred precious metals operations to the Metals Group and eliminated the Financial Products Division. The human resources and know-how associated with finance and foreign exchange transactions have been retained in corporate administration divisions, where they contribute to sound risk management and hedging operations. Although the Machinery & Information Industries Group currently accounts for the largest proportion of earnings, our new investment policy targets a greater balance among the four groups.

By the fiscal year ending March 31, 2002, we are targeting consolidated income before income taxes of ¥48 billion, with approximately ¥22 billion from the four operational groups at the parent company, ¥13 billion at overseas and domestic subsidiaries, and ¥13 billion from affiliated companies.

Note 1:

Return on funds (ROF) = Recurring profit / average net operating assets
Net operating assets = Trade receivables + inventories – trade payables
Recurring profit = operating income – (+) net interest expense (income)

Note 2:

Cost coverage ratio (CCR) = Operating expenses / (gross operating profit + net interest income + other net income)
Other net income: dividend income, miscellaneous income, and foreign exchange gains and losses

Measure 2: Rebuild the balance sheet by streamlining assets and reducing debt

In addition to concentrating resources in core businesses, in October 1998 we established a working committee to improve our financial structure. We placed four teams under the direction of the committee with the objectives of streamlining our holdings in the following asset classes: (1) operating assets; (2) loans and investments; (3) fixed assets; and (4) financial assets. We are now working to reinforce our balance sheet based on targets for each asset class.

During the fiscal year under review, total consolidated assets were reduced by ¥780 billion, from ¥5,440 billion to ¥4,660 billion. We also slashed interest-bearing debt by ¥570 billion, from ¥3,950 billion to ¥3,380 billion. Effective July 1, 1999, we expanded the role of the working committee and converted it to the Business Process Re-Engineering Division, with specific tasks to accomplish over a three-year horizon beginning with the fiscal year ending March 31, 2000. We aim to reduce total assets to ¥3,440 billion and achieve a leaner balance sheet, with a net debt-to-equity ratio of nine or less, by the fiscal year ending March 31, 2002.

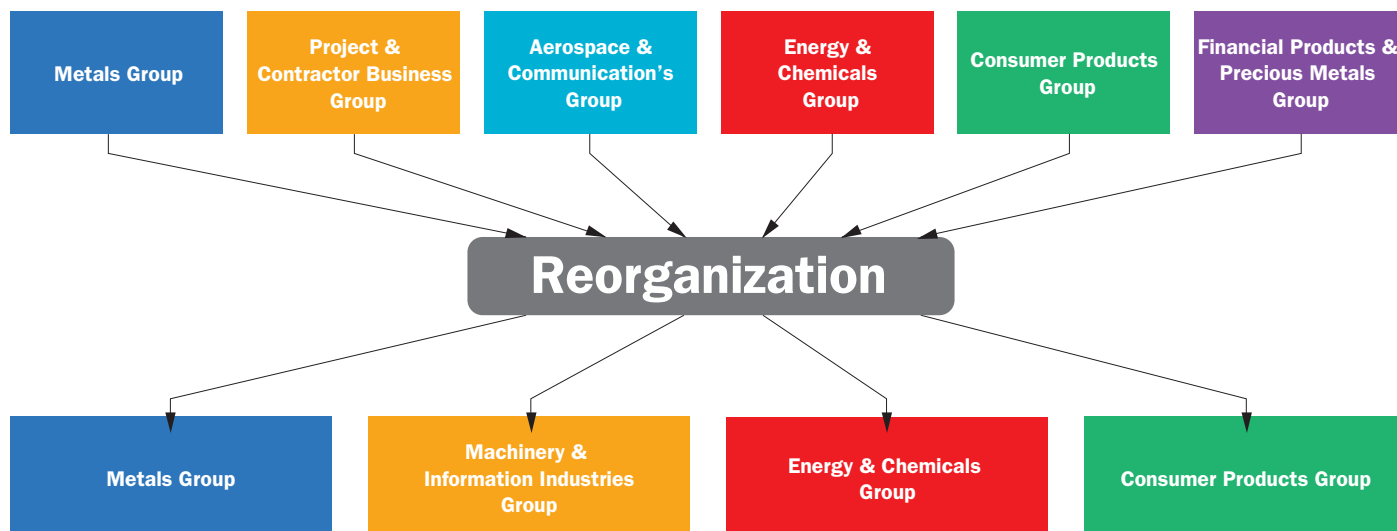
In addition, we plan to maintain a forward-looking policy of keeping adequate reserves to reflect changing risk factors. In the fiscal year under review, we set up a ¥13.4 billion provision for overseas doubtful receivables, reflecting the risk of loans outstanding mainly to entities in Asia. Management expects to make annual additions of ¥10 billion or more in the next three fiscal years to create a foundation for stable future earnings.

Measure 3: Reform the cost structure by reorganization

In the current business climate, a sharp improvement to the bottom line will require a reform of our cost structure. We have set reduction targets for individual project costs and personnel costs as part of our management plan, and initiatives are underway to realize these reductions.

Measures to streamline our organization are aimed at improving business and labor productivity, as well as enhancing capital efficiency. As described above, we have consolidated our previous six business groups into four. We have also reduced the number of divisions from 28 in September 1998 to 19 as of July 1999 and are extending these efforts to departments and sections.

In tandem with this reorganization, we aim to reduce our workforce by 1,000 employees on a parent-company basis, from 4,236 in April 1998 to approximately 3,200 in April 2002.



Measure 4: Merge and liquidate Group companies to strengthen consolidated management

The success of our operating strategy depends on the effective division of business operations among Group companies. At the same time, the liquidation of unprofitable companies and reductions in the workforce through consolidation have the potential to make substantial contributions to raising performance.

As of March 31, 1999, there were 618 Group companies. One crucial challenge is to improve the financial and earnings structures on a consolidated as well as a non-consolidated basis. To accomplish this, we are merging and liquidating Group companies and promoting initial public offerings (IPOs) where appropriate.

Our three-year management plan includes the liquidation of 60 companies and the merger of another 140 into 70 companies. Although we forecast related charges of approximately ¥1 billion over the next three years, we estimate the benefits to exceed this even during the period concerned, with further benefits in each succeeding year.

Management has identified 10 subsidiaries in particular with the potential for making an IPO. Over the next three years, we aim to list two to three companies in the information industry, transactions which we expect to generate capital gains.

In the fiscal year ended March 31, 1999, 63% of the 618 Group companies were profitable, and we aim to raise this figure to 85% or more by the fiscal year ending March 2002.

Measure 5: Improve and reinforce risk management

Nissho Iwai recognizes the importance of establishing sound risk management capabilities. The Business Process Re-Engineering Division, which is part of the Corporate Administration Group 2, established a new Risk Management Department to integrate risk management for the Group, including country risk, market risk and risks arising from legal reforms. Further, we will bolster the functions of the Internal Auditing Office, which is promoting and strengthening a self-evaluation system to ensure that everyday business procedures are internally examined on a regular basis at each operational group.

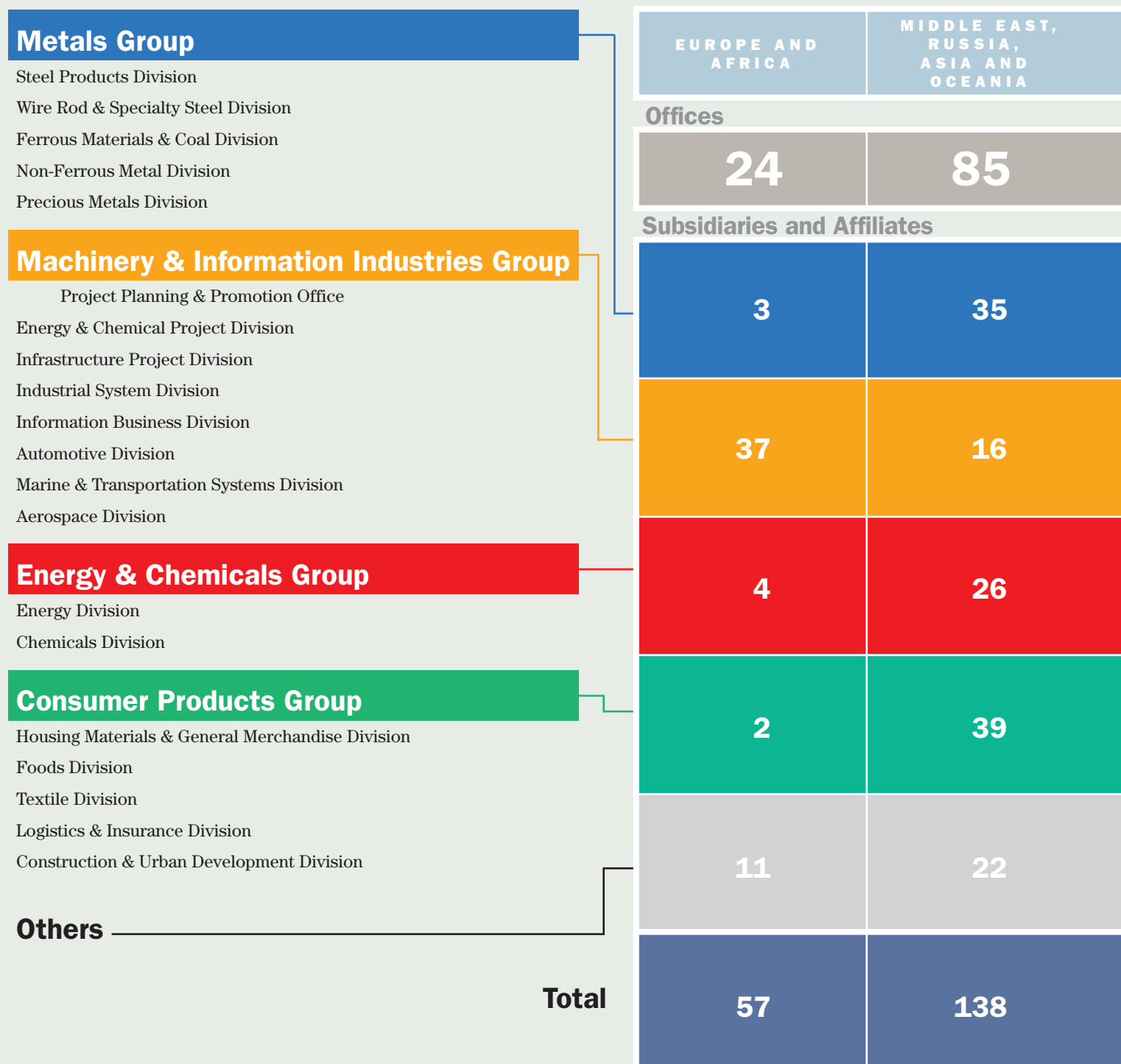
Measure 6: Strengthen corporate governance

To support the rapid and effective implementation of the measures outlined above, we are strengthening corporate governance.

A major step in this regard was to enhance the role of the Board of Directors and accelerate the decision-making process. Effective July 1999, we have sharply reduced the number of directors from 37 to 10. Together with this move, we introduced an Executive Officer system to differentiate the roles of policy formulation and execution. Based on this system, we have assigned 22 Executive Officers to the front lines of business operations. All of these executives have demonstrated a high level of ability and are fully engaged in implementing strategy.

Through the steady execution of the measures outlined in the medium-term management reform plan, Nissho Iwai will improve its financial position and reform its earnings structure.

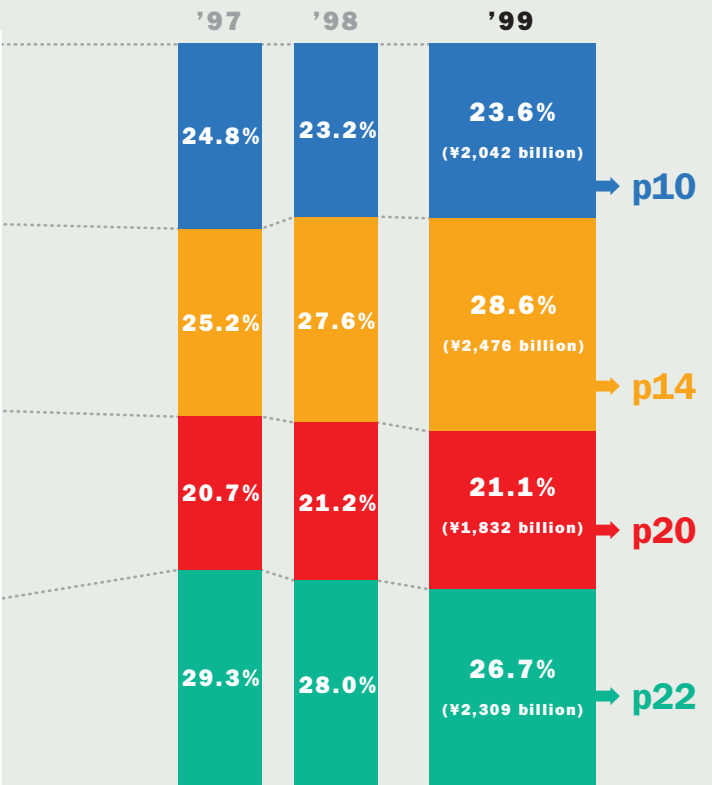
Overview of Nissho Iwai



Through its four operational groups, Nissho Iwai engages in a wide range of businesses in 76 countries worldwide.

JAPAN	AMERICAS	Total
33	33	175
57	26	121
50	42	145
61	6	97
80	26	147
35	40	108
283	140	618

Total Trading Transactions by Groups



Transactions and gross trading profit of overseas and domestic subsidiaries in the Others category are distributed, based on a breakdown of their respective businesses, among the operational groups.

METALS GROUP



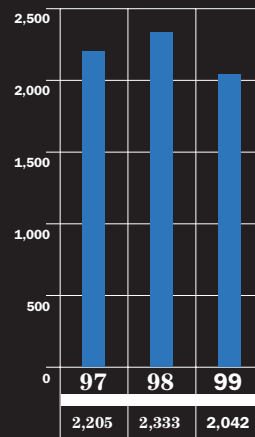
Kazuo Inohara
Vice President

In the fiscal year under review, a sharp drop in domestic demand mainly caused by a slump in domestic private-sector capital investment and an unprecedented fall in prices created an extremely difficult operating environment in steel and non-ferrous related metal products.

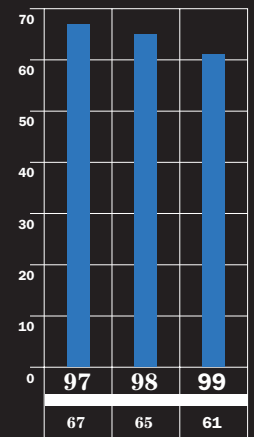
To cope with the effects of the serious recession in Japan, we concentrated resources in strategic core businesses to optimize portfolios and raise profits in our operations.

The entire Metals Group will reform operations to build a new profit structure for stronger consolidated operations. With the Precious Metals Division added to the Group in the current fiscal year, we will endeavor to rebuild profitability in all areas of business.

Total Trading Transactions
(Billions of Yen)



Gross Trading Profit
(Billions of Yen)



Steel Products Division

Review

Nissho Iwai boasts one of the leading sales records in the domestic steel market. The Steel Products Division handles ordinary steel products, purchased from blast and electric furnace mills and rolling mill manufacturers and marketed to a broad cross-section of industry, including the automotive, shipbuilding, construction, housing, consumer electronics, steel furniture and steel can sectors. The Division is responding to the shift to overseas production by these industries, as well as by automotive and consumer electronics parts manufacturers, through the development of steel service centers as logistics bases in various locations around the globe.

Efforts in the steel pipe field are focused on energy-related areas. The Division has established steel pipe marketing companies in the United States, Singapore and the United Kingdom as bases for development projects, and is making full use of its global network to expand sales.

The proportion of offshore transactions has risen in recent years reflecting growth in such transactions as semi-finished products in Brazil aimed at Asian markets.



Steel service center in Singapore

Strategy

The Division has an integrated structure for domestic and overseas markets, and is strengthening its marketing network at domestic centers and affiliated companies throughout the Nissho Iwai Group. At the same time, it is striving to expand the scale of its operations through active investments to step up steel production and distribution.

Wire Rod & Specialty Steel Division

Review

With an integrated sales system in place for efficiently managed domestic and foreign transactions, the Wire Rod & Specialty Steel Division handles a volume of sales that makes it one of the world's leading business organizations handling wire rod and wire products, specialty steel and stainless steel. Strengthened by the integration of operations in the Tokyo, Osaka and Nagoya regions, a move completed in October 1998, the Division is carrying out global product strategies.

Amid the increasingly borderless nature of world markets, our upstream strategy is to further develop overseas sources of supply through investments, which are conducted along with Kobe Steel, Ltd., in wire manufacturers in North America and Asia. A priority in the Division's downstream strategy is to meet the needs of Japanese users that have expanded overseas. To do this we have acquired equity shares in several North American companies, including NIFAST Corp., a retailer, and Cuyahoga Steel & Wire, Inc., TWN Fastener, Inc., KFC Corp. and other wire rod processing companies. We have also built local supply networks with parts dealers. The same approach to serving major customers is also being carried out in China and Southeast Asia.



Wire rod coming off a rolling line

Strategy

Specializing in transactions of wire rods, specialty steels and stainless steel, products that account for approximately 20% of Japan's production of steel materials, the Division is moving ahead by making use of its carefully structured network of suppliers, sellers, processing companies and retailers, both in Japan and in strategic locations all over the world. We will continue to make every effort to meet the full range of users' needs.

Ferrous Materials & Coal Division

Review

The Ferrous Materials & Coal Division consists of three departments: the Iron Ore Department, which handles iron ore and hot briquetted iron (HBI); the Coal Department, which handles coking coal and steaming coal; and the Metal & Ore Department, which handles such ferroalloys and ores as vanadium, molybdenum, manganese, chrome and silicon.

During the fiscal year ended March 31, 1999, the Company acquired 25% equity in U.S.-based Strategic Minerals Corporation (STRATCOR), one of the world's three largest vanadium producers. Together with the strong tie-up already established with NIKOM a.s., a Czech producer of vanadium, this puts Nissho Iwai in a position to continue to move ahead with more complex, worldwide vanadium trading.

Production is now underway at an HBI plant in Venezuela with an annual output of one million tons. Operated by Complejo Siderurgico de Guayana, C.A. (COMSIGUA), a company established by Nissho Iwai, Kobe Steel and other shareholders, the plant produces the most competitive HBI in the world. Operaciones al Sur del Orinoco C.A. (OPCO), another company being operated in Venezuela with the participation of Nissho Iwai, Kobe Steel and other partners, also produces and sells one million tons of HBI annually. The HBI produced by these two companies in Venezuela is being supplied primarily to users in the United States and Europe.

Non-Ferrous Metal Division

Review

The continuing recession in Japan and a slump in prices of non-ferrous metals led to a slight drop in trading transactions for the Non-Ferrous Metal Division in the fiscal year under review. However, export growth was recorded in aluminum stock, power cable and copper strips. Favorable growth was also posted for off-shore transactions in aluminum ingots and billets shipped to Asia.

The Division received orders for power cable projects in the Philippines and Vietnam, for titanium tubes and tube plates for an electric power plant project in the Czech Republic and for titanium tubes for seawater desalination in the Republic of Korea.

In August 1998, the Division acquired a stake in NI Metal Products, Inc., an Ohio-based subsidiary of Nissho Iwai American Corporation, to develop new sales channels in the United States for non-ferrous metal products, particularly high-tech products. To that end, NI Metal Products increased staff and established branches in Silicon Valley, California, and Stamford, Connecticut.

In Japan, Nissho Iwai serves as the representative office in Japan and Asia for Brazil's Companhia Brasileira de Metalurgia e



Nissho Iwai is a principal investor in COMSIGUA, which operates a hot briquetted iron plant in Venezuela.

In Australia, production has begun at the Coppabella Coal Mine, in which Nissho Iwai has 7.5% equity. Demand is high for Coppabella coal, which is highly competitive as a fuel injected directly into blast furnaces. Future production at the mine is projected to rise to some three million tons per year.

Strategy

To further strengthen its business performance, which ranked among the best in the industries it operates in, the Ferrous Materials & Coal Division will continue to make every effort to develop the best possible overseas sources of raw materials.



A ceremony was held to mark the completion of the laying of a submarine power cable between Leyte and Luzon Islands in the Philippines.

Mineracao (CBMM), the world's largest producer of niobium. In a joint venture with CBMM, we have established CBMM Asia Co., Ltd. in Tokyo as a company for sales promotion and technical service of ferro-niobium, an auxiliary material used in the steel industry. The new company's goal is to expand market share of this product in Japan and Asia.

Strategy

The Non-Ferrous Metal Division will work more closely with Nissho Iwai's subsidiaries and affiliates to strengthen the Company's marketing capability in the non-ferrous metals field. We anticipate significant market growth in high-tech fields, particularly in electronics materials, electronics components and raw materials for batteries.

Precious Metals Division

Review

The core activities of Nissho Iwai's Precious Metals Division are futures trading and fund businesses. The Division handles traditional precious metals transactions through bullion futures trading on the Tokyo Commodity Exchange precious-metals futures market and international precious-metals markets, and engages in fund businesses, emphasizing commodity funds, a focus of investment activity in the United States and Europe. The Division continued to earn stable revenue during the fiscal year under review.

As projected, the turning of a portion of the Division's mail-order business and buying and selling of precious metals over to The Astral Co., Ltd., an affiliate which trades in precious metals and jewels, has added a dynamic quality to operations. Another affiliate, Nissho Iwai Futures Inc., a commodities trading agent that conducts fee business activity, began on-line trading on the Internet during the year. Stamford Capital Management Inc., a wholly owned subsidiary in the United States that manages the Company's fund business activity overseas, began preparations to enter the commodities trading advisory business.



Specialized room for precious metals dealing at the Nissho Iwai headquarters building

Strategy

The Division will continue to expand the range of products it trades and the services it offers. For example, the Company plans to begin offering mail-order services through the Internet in the current fiscal year. And, as the globalization of market economies proceeds, Nissho Iwai will work more closely with affiliates to step up efforts to meet increased needs for asset management for both individuals and corporations by developing a fuller range of services for futures, funds and a wide range of commodities.

Ferrovandium (foreground) and Nitrovan® produced by STRATCOR

Nissho Iwai's affiliate, The Astral Co., Ltd., trades in precious metals and jewels.

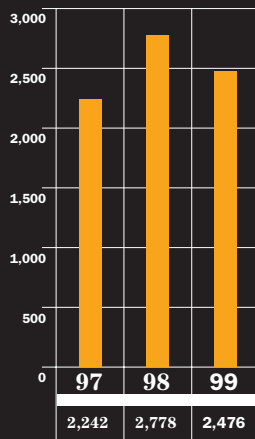
The wire rod manufacturing facility of Cuyahoga Steel & Wire, Inc. in the United States



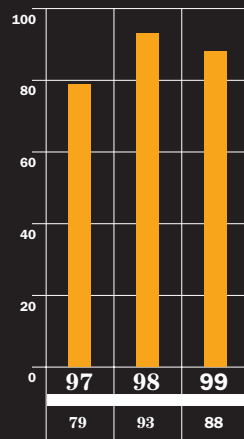
Machinery & Information Industries Group

Takayuki Mabuchi
Senior Managing Director

Total Trading Transactions
(Billions of Yen)



Gross Trading Profit
(Billions of Yen)



Despite the severe operating environment in the fiscal year under review, the efforts of the Machinery & Information Industries Group to increase profits yielded positive results. In the current fiscal year, the Group will make every effort to continue to create profitable, large-scale projects, making full use of financing from public funds and other sources. To further raise profitability, we will also judiciously select transactions that focus on high-value-added projects and sales activities that require a high level of professional expertise. Additionally, the Group will energetically pursue business opportunities in new high-growth fields, particularly in information industries. To raise efficiency and profits, all of the divisions in the Group will endeavor to raise the efficiency of capital used and streamline their asset base.

Project Planning & Promotion Office

Review

Established in October 1998, the Project Planning & Promotion Office develops and structures large-scale energy and infrastructure projects, and provides expert assistance for project financing.

During the fiscal year ended March 31, 1999, we were involved in promoting and developing strategies for a variety of international projects. This work included structuring limited-recourse financing under the Build-Operate-Transfer (BOT) scheme for the Ninoy Aquino International Airport Terminal; designing the project structure for cross-border natural gas pipelines across the Eurasian continent; and developing feasibility studies for LNG power generation projects in Asia.

We also played an active role in acquiring funds from various financial institutions to assist Company projects that faced difficulties during the Asian monetary crisis.

Additionally, the Project Planning & Promotion Office responded to Nissho Iwai's corporate management request to assist with the improvement of the Company's overall financial position by successfully optimizing and repackaging financial assets in both domestic and overseas financial markets.

Strategy

The Project Planning & Promotion Office will make full use of its experience and expertise by continuing to play a leading role in project risks analysis, developing and structuring bankable projects, and actively promoting Nissho Iwai's strategic business alliances. We shall continue to provide the specialized services and advice required as a "Strategic Organizer" developing international projects, and to respond to the changes that may impact upon the Company in this era of globalization.

Energy & Chemical Project Division

Review

The Energy & Chemical Project Division promotes the sale of a wide range of plant and equipment for oil, gas and petrochemical industries, including offshore oil and natural gas drilling rigs, floating production facilities (FPFs), floating production, storage and offloading (FPSO) equipment, and pipe layers. In addition, the Division's Energy & Environment Project Department has established an electric power wholesale company to supply electric power to the Chugoku Electric Power Co., Inc. The company is scheduled to have a 216-MW power plant in operation by March 2004.

The Division also cooperates closely with owners of projects by providing such services as profitability analyses, plans for the sale of products and the development and execution of financing plans to cover the cost of plant construction. Recent large contracts include an ¥80.0 billion contract with UZBEKNEFTEGAS for the Shurtan Gas Chemical Complex Project in Uzbekistan and a ¥56.0 billion contract with TURKMENNEFTEGAS for a polypropylene and utility project in Turkmenbashi, Turkmenistan. We have also signed a US\$129.0 million contract with Sociedade Nacional de Combustiveis de Angola (SONANGOL), Angola's national oil company, for additional purchases of machinery and equipment for the country's oil industry.



FPF equipment is one of the major items for which Nissho Iwai promotes the sale.

Strategy

The Energy & Chemical Project Division intends to make full use of the experience it has gained in the oil, gas, energy and petrochemical fields in plant and equipment transactions, and in promoting combined transactions involving the supply of raw materials and the sale of finished products. Our aim is to contribute to stable earnings and help projects develop into profitable enterprises.

The Division's strength is its ability to operate worldwide in each of its fields of business—on land and at sea. In Japan, we will use leading-edge technologies in our participation in environmental and electric power generation businesses, and contribute to the strengthening of public services through the privatization of enterprises supplying them.

Infrastructure Project Division

Review

Active in the field of social infrastructure development, the Infrastructure Project Division includes a Heavy Machinery Project Department, a Power Project Department, a Construction Machinery Department and an Infrastructure Project Department.

The Heavy Machinery Project Department operations are primarily related to support for overseas projects for the development of steel, cement, pulp and paper, non-ferrous metals, and other basic industries. The Power Project Department handles diverse overseas electric power projects, primarily for independent power producers, while the Construction Machinery Department engages in a wide range of activities in the construction machinery business and related projects both in Japan and abroad. The Infrastructure Project Department participates in private-sector infrastructure projects overseas, including highways, airports, harbors, and water supply and sewage systems, as well as projects related to Official Development Assistance (ODA) from the Japanese government.



Gas turbine for Combined Cycle Power Plant

Strategy

In the current fiscal year, the Division will participate in a wide range of projects, including financing for thermal electric power generation in Mexico, investment in an airport in the Philippines and business activities based on a strategic alliance established with pulp and paper companies in Asia.

Industrial System Division

Review

In the electronics and semiconductor fields, major contracts for the Industrial System Division during the fiscal year under review included approximately ¥10 billion in orders for plant and equipment for semiconductor production from Hyundai Electronics Industries Co., Ltd. Other noteworthy contracts included a ¥5 billion order for PC components from Daewoo Telecom Ltd. and a ¥2 billion order for CATV Internet modems from Destiny Cable Inc. in the Philippines. In the automotive field, an ¥8 billion order was received from Malaysia's national car manufacturing company, Perusahaan Otomobil Nasional Berhad (PROTON), for a production line and technical support for the next model. In the metal processing field, ¥10 billion in CO₂ laser-processing machines manufactured by Yamazaki Mazak Corp. exported to markets in North America and Europe enabled the Company to maintain its number one market share. In the medical equipment field, the Division handled ¥11 billion in orders for advanced medical devices, including products of Toshiba Corporation and Siemens AG, placed by the Ministry of Health in Argentina.

In Japan, the Division handled a ¥9 billion contract for a hot galvanizing line delivered to Yodogawa Steel Works, Ltd., and delivered a series of orders from the Toyota Group for aluminum



Automobile assembly line for PROTON, Malaysia

die-cast machines, forging presses and industrial robots. The Division has now delivered more than 5,000 robots manufactured by Kawasaki Heavy Industries, Ltd. to the Toyota Group.

Strategy

The Industrial System Division will mainly continue to handle transactions in manufacturing systems and equipment for the electronics, semiconductor, home electric appliance, automotive, metal processing, sugar, food processing and medical equipment fields. The Division is moving into businesses with higher profitability by providing customers both in Japan and overseas with high value-added products and services in a wide range of industries.

Information Business Division

Review

Nissho Iwai has a 23.48% stake in Japan Satellite Systems Inc. (JSAT), Japan's leading company in the satellite communications business. JSAT, which is considering an initial public offering of shares, provides satellite communications services in Japan and the Asia-Pacific area, including the digital broadcasting service for Sky PerfecTV. As of March 1999, this service had acquired some 1,113,000 subscribers. In the cable television station business (CATV), affiliated company Kita Cable Network Inc. began providing Internet services in 1999.

In the telecommunications business in Japan, subsidiary N.I. Telecom Corp. has achieved annual sales of 500,000 units of mobile handsets. In the same business overseas, we have built a long-term cooperative relationship in the North American market with Sprint Corporation, the giant U.S. provider of global telecommunications services. The Division is also participating in the telecommunications business in several other parts of the world, including China, Southeast Asia and Latin America.

In addition, we sell advanced electronic devices made by high-technology companies in Silicon Valley, Israel and other areas to telecommunications companies in Japan. This includes a high level of sales in cooperation with Nissho Electronics Corporation of multiplexing systems for fiber-optic communications networks made by Ciena Corporation.



JSAT-6 satellite used for Sky PerfecTV broadcasting

Strategy

Expecting high growth to continue in the information business field, we will seek to create new businesses and, in existing operations, strive to make advanced technologies available that will bring new levels of convenience and enjoyment to consumers' lives.

Automotive Division

Review

The Automotive Division engages in a wide range of automobile-related businesses. These include exports of finished motor vehicles and motorcycles, as well as local production, distribution, retailing, and leasing and finance businesses in various parts of the world. These operations are conducted by more than 30 Group companies and comprise transactions, not only with Japanese manufacturers, but with German, French, South Korean and Indian makers.

Prominent activities in the fiscal year under review included large growth in sales of cars accomplished by Kia Motors España, S.A. in Spain, the beginning of exports of knockdown parts for Mitsubishi vehicles to Zimbabwe and full-fledged exports of Daihatsu cars to Cuba. Also, Vietnam Suzuki Motor Corp., our affiliate, received an award from the government of Dong Nai Province in Vietnam for the Company's contributions to the regional economy. In the rapidly expanding market in Poland, another affiliate, Toyota Motor Poland Co., Ltd., established a new training center to help its dealers upgrade the level of their services.

N.I. Euro-Motors' new Porsche sales outlet in Osaka



Strategy

Pursuing more creative, value-added approaches, the Automotive Division is stepping up its activity in the Japanese market for imported cars by continuing its association with wholly owned subsidiaries such as Nimco (for Peugeot imports), Stern Nishi Ikebukuro (for Mercedes Benz imports) and N.I. Euro-Motors Co., Ltd., which has recently added a new Porsche sales outlet in Osaka.

Marine & Transportation Systems Division

Review

The Marine & Transportation Systems Division consists of the Marine Department, the Production Systems & Materials Department and the Transportation Systems & Equipment Department.

The Marine Department, whose growth has paralleled the history of Japan's ship exporting industry, plays a leading role in shipbuilding and maritime industries both in Japan and abroad as it engages in diverse business activities in the marine transportation field, including shipbuilding, chartering and the financing and leasing of ships. Through its affiliated companies, the Department also handles secondhand vessels and shipboard machinery and equipment. In the fiscal year under review, the Department received ¥145.0 billion in orders for new ships, secondhand ships and ship chartering, and it delivered 31 newly built vessels to customers all over the world. In addition, Nissho Iwai, through a subsidiary, sold ¥43.0 billion in shipboard machinery and equipment.

The core business for the Production Systems & Materials Department involves the handling of large-scale transactions, both in Japan and abroad, of welding material produced by Kobe Steel, which boasts the third-highest volume of production in the world in this field. The Department's sales of welding material account for approximately 20% of the domestic market and 60% of exports from Japan. Its overseas strategy included investments carried out jointly with Kobe Steel in manufacturers in South Korea, Thailand and Holland, enabling participation in local production. Other lines of business for the Department include robots, welding equipment and a wide range of

Aerospace Division

Review

In the fiscal year under review, the Aerospace Division provided consulting to The Boeing Company and Bombardier, Inc. for the sale of commercial aircraft, including advanced Boeing 777 jets and Dash 8 Commuter aircraft, to Japanese airlines. The Division has achieved sales of more than 420 commercial aircraft over the last 40 years.

We also coordinated export contracts for Boeing purchases of a wide range of aircraft components and materials produced by Japanese manufacturers under an international collaboration program. In the space business, the Division provided various services, including importation of hardware and technologies used in the International Space Station and other space programs.

In the aircraft lease and finance sector, we increased our holdings of newly built Boeing 737 jets and other aircraft to strengthen our operating lease business.

The Division maintained its strong base in the defense business, representing prominent U.S. and European defense companies in Japan, including Boeing, Raytheon Company,



170,000 DWT bulk carrier
GRACEOUS

shipbuilding equipment.

The Transportation Systems & Equipment Department boasts more than 30 years experience in supplying rolling stock to customers throughout the world. In addition to rolling stock, we are aiming to undertake mass transit construction projects that involve power supplies, communications and signaling systems, and track and tunnel work. The Department successfully introduced European-made railway equipment in Japan, and is expanding into joint product development for Japanese domestic railway industries.

Strategy

The Marine & Transportation Systems Division intends to maintain and expand the conventional business it has developed in shipbuilding and other maritime industries. At the same time, we are seeking to handle more complex international transactions and higher value-added products and services involving both hardware and software. The Division is also making an effort to expand its own fleet of ships. In the transportation systems field, we are moving ahead with all-round efforts to form tie-ups with leading domestic and overseas manufacturers to win package orders for rolling stock and related equipment for large-scale transportation projects overseas.



Nissho Iwai has increased its holdings of newly built Boeing 737 jets to strengthen its operating lease business.

Northrop Grunman Corp., Litton Industries, Inc. and Thompson

Marconi. By negotiating licensing agreements for manufacture in Japan, and by handling the import and sale of equipment and materials, the Division is introducing the most cost-effective defense systems for Japan.

Strategy

The Aerospace Division has been active in commercial aircraft sales, aircraft lease, defense and space businesses for many years. We will strengthen efforts to maintain and reinforce our leadership position in the commercial aircraft sale, aircraft operating lease and defense businesses, while trying to expand operations in the space business.

CO₂ laser-processing machine *Space Gear* manufactured by Yamazaki Mazak Corp.

Toyota Motor Poland in Warsaw

PETROBRAS P-18, a floating production facility (FPF) unit

Morning Star Cement Factory in the southern part of Ho Chi Minh City

The Boeing 777 is the largest twinjet aircraft in the world.

Nissho Iwai markets multiplexing systems for fiber-optic communication networks made by Ciena Corporation.



Energy & Chemicals Group



Kunio Morikiyo
Senior Managing Director

In the fiscal year under review, although the Japanese economy was plagued by a continuing recession and serious difficulties in the financial industry, the Energy & Chemicals Group income before income taxes rose 8.0% over the previous fiscal year.

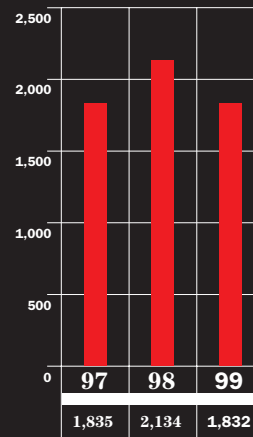
This growth was led by an increase in trading transactions of liquefied natural gas (LNG) and coal, and a tripling of income before income taxes for the Oil Department in our Energy Division.

In our Chemicals Division, a 10% increase in income before income taxes was achieved through the start-up of methanol and fertilizer plants overseas and reducing operating expenses, although total trading transactions decreased to 89% of the level of the previous fiscal year due to a decline in prices.

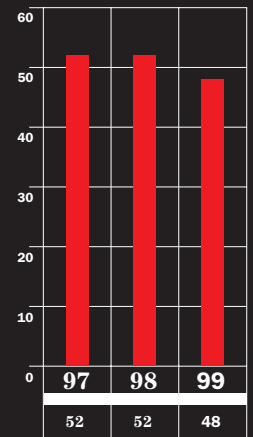
We in the energy field will make every effort to maintain an optimum mix of energy product supplies, to promote participation in new LNG projects, to develop new business and to restructure affiliated companies with an eye toward early listing of their shares.

And in the chemicals field, we will work to strengthen marketing bases and to build an integrated production, distribution and marketing system overseas.

Total Trading Transactions
(Billions of Yen)



Gross Trading Profit
(Billions of Yen)



Energy Division

Review

As in the previous year, solid growth was recorded in transactions in oil, liquefied natural gas (LNG), coal and nuclear fuel. Transactions for the fiscal year under review totaled approximately ¥1,400 billion.

In oil, we developed a series of complex business plans that led to an expansion of crude oil and petroleum products transactions in Brazil, Angola and other countries. In China, we moved ahead with our development of an integrated system for imports, logistics and sales of liquefied petroleum gas (LPG) and petroleum products.

As a major player in LNG, the Division handles over 30% of Japan's total annual imports of LNG—approximately 15 million tons. During the fiscal year under review, we acquired equity participation in a contract for petroleum and natural gas exploration and development in the Muturi block in Irian Jaya Province, eastern Indonesia. Natural gas will be supplied to the Tangguh LNG project, Indonesia's third LNG center. Indonesia is a major source of LNG for Japan, and we will continue to promote sales of this clean fuel in Asia as well as in Japan. Nissho Iwai also has an equity interest in the Ras Laffan LNG project in Qatar.

In thermal coal, we expanded imports of high-quality coal from Australia and China, countries relatively near to Japan and where stable supply sources have already been established. In line with ongoing studies on measures to prevent global warming, demand for coal is expected to continue growing steadily.

Chemicals Division

Review

The Chemicals Division was established in October 1998 through the consolidation of the former Inorganic & Fine Chemicals, Organic Chemicals & Plastics, and Ceramics & Minerals Divisions. In April 1999, the Chemical Division's organization of 12 departments and one office was streamlined to eight departments and one office. The Division now comprises the Organic Chemicals, Fine Chemicals, Agribusiness & Inorganic Chemicals, Chlor-Alkali & Vinyl, Plastics, Inorganic Minerals, Industrial Materials, and Osaka Chemicals & Minerals Departments, and the Chemicals Administration & Project Office.

During the fiscal year under review, we invested in the Thai agrochemical manufacturer Pato Chemical Industry Public Co., Ltd. (PATO) and established an agrochemical company in South Korea. In Japan, Nissho Iwai Plastics Co., Ltd. was merged with Nippura Kasei Co., Ltd. to form an expanded company, also called Nissho Iwai Plastics Co., Ltd., with ¥90 billion in annual transactions. Nissho Iwai also promoted major projects, including one with Shichuan Nipo Fine Chemicals Co., Ltd. in Sichuan Province, China, and one managed by JVF Corp. in Vietnam, both of which began operations during the fiscal year.



Nissho Iwai acquired a stake in a natural gas development in Muturi block, Indonesia.

In the nuclear power field, the Division established systems to handle orders for nuclear fuels and secure contracts for the processing of mixed-oxide (MOX) fuel on a long-term basis. In addition, we are striving to sell nuclear-related hardware and waste disposal equipment.

Strategy

The Energy Division will continue to respond to the ongoing trend toward deregulation in markets and energy-related fields by stepping up efforts to discover and develop new sources of business. With an eye toward contributing to the solution of environmental problems, we will maintain efforts to build upon long-established business relationships in Indonesia to develop new sources of LNG to ensure a stable supply of this clean fuel for the next century. At the same time, the economic advantages of coal and a shortage of stable supplies of alternative energy will spur continued growth in coal demand. We intend to respond to this situation by continuing to participate in the development of coal sources.



Nissho Iwai acquired a large stake in the methanol manufacturer, PT. KALTIM METHANOL INDUSTRI. (KMI), in Indonesia.

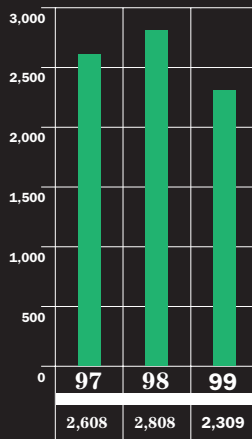
Strategy

As a core business of Nissho Iwai's new three-and-a-half-year management plan, the Chemicals Division is focusing on 11 product areas: acetyl, polyester, acrylic, agrochemicals, imaging and electronics materials, fertilizers, chloroalkali, polyvinyl chloride, mineral sand, rare earth and life sciences products. While increasing business and profits in these areas, management is targeting trading transactions of ¥579 billion in the fiscal year ending March 31, 2002, compared with ¥530 billion in the fiscal year under review.

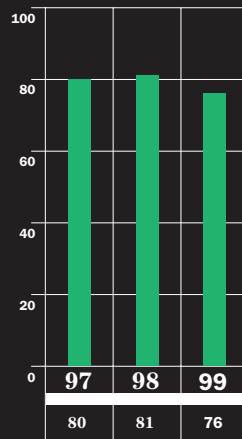
Consumer Products Group

Tomoyoshi Kondo
Senior Managing Director

Total Trading Transactions
(Billions of Yen)



Gross Trading Profit
(Billions of Yen)



The Consumer Products Group comprises the Housing Materials & General Merchandise Division, the Foods Division, the Textile Division, the Construction & Urban Development Division and the Logistics & Insurance Division.

Engaged in businesses closely connected to people's daily lives, the Group provides products and services that are among the necessities of life—clothing, food and housing. We are raising profitability by concentrating resources in strategic core businesses, which include integrated operations in afforestation, woodchip and plywood manufacturing. First among *sogo shosha* to handle organic food products, we are also engaged in businesses providing consumers with goods sold under some of the world's leading brands, including NIKE sporting goods, Philip Morris cigarettes and BALENCIAGA apparel. We are aggressively expanding our activity in the housing, construction and urban development fields and logistics and insurance services.

The Consumer Products Group will respond to the needs of the times and contribute to an expansion of domestic demand.

Housing Materials & General Merchandise Division

Review

The Housing Materials & General Merchandise Division's operations include the development of resources for lumber imports, which are closely tied to Japan's housing industry, and overseas afforestation ventures. The Division handles sporting goods sold under the world-leading NIKE brand and cigarettes sold under Philip Morris brands. Other important areas of business are the import, export and marketing of leather products, tires and auto parts, and household electronic goods. Paper and pulp operations include the handling of newsprint, recycled paper and woodchip products.

Noteworthy operations in the fiscal year under review included participation in the NIKE Alpha Project, a launch of a new shoe product with the appeal of traditional NIKE features. The Division also expanded operations in the afforestation business in Australia.

In the wood products field, the Division completed an integrated lumber-processing center in Malaysia for the production of plywood, fiberboard and doors. This was a welcome contribution to government industrialization policies. In New Zealand and Papua New Guinea, we set up comprehensive industrial operations—from afforestation and forestry to wood processing. In China, the Division plans to cooperate in the opening of home centers as sales outlets for housing materials and in developing the imported homes business.

Foods Division

Review

Created when the former Foodstuffs Division and Food Products Division were unified in October 1998, the Foods Division comprises the Project Planning & Development Office, the Grain, Oil & Sugar Department, the Feed and Meat Department, the Foods Marketing Department, the Marine Products Marketing Department, the Osaka Foods Department and the Nagoya Foods Department.

This reorganization is intended to strengthen international trading in bulk food commodities such as raw sugar and grains, undertaken since the days of Nissho Iwai's forerunner, Suzuki Shoten Corp. The other important purpose of the reorganization is to strengthen ourselves downstream—to focus on consumer markets in every stage of business activity, including direct and multiple operations.

With consistently strong operations in Asia, the Division has begun restructuring domestic businesses to accept new challenges. One example of this is organic foods, a line of business we entered into ahead of other *sogo shosha*. Rising concern among consumers about safe and healthy foods is expected to spur sales growth in this category of products. The Division



The No. 1 sporting goods brand in the world, NIKE has been handled by Nissho Iwai for 28 years.

Strategy

Now encompassing the operations of the former Wood Products Division and General Commodities, Paper & Pulp Division, which were merged in October 1998, the Housing Materials & General Merchandise Division has become the largest organization handling general merchandise among Japan's *sogo shosha*. The Division, which handles diverse transactions in the housing, lifestyle-related, paper and pulp, and other industries, intends to make full use of the synergy and strength its organizational structure affords to operate more dynamically in the future.



Every week Nissho Iwai ships 20,000–50,000 tons of wheat all over world from ports in North America and Australia.

also sees providing third-party logistics services for the distribution of raw materials and food products as a promising line of business.

Strategy

Our policy is to engage in sustained efforts in long-term projects to develop and expand stable, continuous supplies of foodstuffs and food products. The Foods Division makes every effort to contribute to the development of resources and markets for foods and foodstuffs to meet the needs and win the trust of consumers all over the world.

Textile Division

Review

The Textile Division's lines of business include a wide range of apparel, bed linens, interior fabrics, basic materials made from natural and synthetic fibers, and other materials. In addition to Japan, we operate on a global scale, with major bases in Hong Kong, Milan and New York and 16 representative offices overseas.

Nissho Iwai recently invested in an exclusive sales agency for DIESEL, an Italian casual wear brand, and will provide distribution support to expand sales. We are moving into retail operations in Japan and increasing our apparel operations. Shifting production overseas, the Division is building factories in Vietnam, China and other countries to be able to develop stable business operations and meet the demand for men's suits, casual wear, children's clothing and a wide range of other garments. We are also energetically involved in brand businesses such as BALenciAGA, SO and others to expand offshore trading and create a system that will strengthen our ability to make proposals regarding materials.



BALenciAGA 1999 autumn and winter pret-a-porter collection

Strategy

As it expands the range of its business activity, the Textile Division is engaged in an electronic commerce project called TEXTREAM to market interior products. We are also planning to develop an electronic commerce system to market a full range of products in the housing industry. The system, an example of using new business concepts to create new markets, will help users and producers share the information they need to do business without a store.

Logistics & Insurance Division

Review

The Logistics & Insurance Division makes full use of Nissho Iwai's expertise as a general trading company in product management and distribution of a wide range of products to provide optimum logistics solutions to customers in view of supply chain management (SCM). Our AUTRANS business realizes just-in-time delivery of automobile parts in the United States, Canada, the United Kingdom, the Philippines and Thailand, and we offer a full range of transportation services, including those using combined, integrated systems.

In downstream retail and consumer-oriented operations, in addition to traditional transactions, the Division uses strategic tie-ups and engages in investment activities, including acquisitions, to develop new markets and cultivate new lines of business.

In the insurance field, we provide customers with insurance needed in the course of logistics and all types of insurance as part of risk management services in connection with *sogo shosha* activities. In Japan, the Division operates two insurance agencies and a brokerage, established in 1998. Overseas, we provide insurance through local affiliates in Hong Kong, New York and Singapore, which enables us to engage in the insurance business worldwide.



Our AUTRANS business provides just-in-time delivery of automobile parts.

Strategy

In addition to the business re-engineering that has been taking place since the collapse of Japan's bubble economy, developments made in data processing and SCM are changing the nature of the logistics business. At the same time, ongoing liberalization of Japan's financial industry is bringing significant change to the insurance industry. The Logistics & Insurance Division looks upon these changes as opportunities for business growth.

Construction & Urban Development Division

Review

During the fiscal year under review, as strong economic growth continued in the United States, the Construction & Urban Development Division actively invested in residential projects there, particularly on the West Coast.

In the domestic market, we were involved in the condominium business, land development for housing, contracting, wholesale and construction materials transactions, and property acquisition and leasing.

Low interest rates and lower taxes on home ownership spurred growth in the housing industry, and the Nissho Iwai Group was able to bring to market 2,000 condominium units, mainly in the Tokyo metropolitan area and in the Kansai region, as well as 230 single-family homes. During the second half of the fiscal year under review, we began selling units in Senboku Mizukidai in Osaka Prefecture. Our project at this site, which is surrounded by hills and greenery, is the development of a large residential area consisting of homes on 574 lots built around a spacious 10,000 m² park. When completed, the area will have some 2,000 residents.

The Division's property acquisition and leasing activities included leasing starts for the Shin-Yokohama Logistics Center



Senboku Mizukidai site for home development in Izumi, Osaka

recently built in Yokohama. In Saitama Prefecture, a shopping center has begun operations under a fixed-term leasehold agreement.

Strategy

The Construction & Urban Development Division will collate the ample information gathered through Nissho Iwai's network to identify parcels of land that can be developed for projects such as condominiums and shopping centers. We will also expand domestic transactions in materials and equipment from a Company-wide standpoint.

Nissho Iwai conducts integrated operations of wood products, from afforestation and forest management to processing.

Nissho Iwai handles over 30 varieties of frozen organic vegetables.

Nissho Iwai's Urban Logistics Center in Japan provides a variety of logistics services to customers.





Corporate Administration Group 1

Kosaku Nakatani
Senior Managing Director

The Corporate Administration Group 1 is a body of professionals responsible for promoting management policies and providing administrative support for operational groups. Its responsibilities include carrying out management strategies, such as budgets and medium-term management plans, strategies developed for personnel, overseas operations, public relations, the construction of information networks and risk management.

We have reorganized the Group to upgrade efficiency and strengthen its functions. This included the adoption of a division system that officially went into effect on July 1, 1999 to replace the former department system. Corporate Administration Group 1 is aware that it will have to bear even greater responsibilities in this period, which is characterized by extensive economic change and a severe operating environment.

Main Activities

Corporate Planning & Personnel Division

This Division comprises the Corporate Planning Department, the Personnel Department and the Public Relations Department. To develop a system of consolidated management in line with international standards, the Corporate Planning Department formulates and promotes management policies, budgets and medium-term management plans. It also follows up on adopted plans, sets up internal organizations, defines areas of responsibility and establishes administrative controls. Three former departments—the International Planning & Administration Department, the Domestic Planning & Administration Department and the Investment & Affiliates Administration Department—had functioned in parallel to handle these planning and administration functions. By consolidating the work of these departments in the Corporate Planning Department, the Company aims to make policies more consistent and to speed up decision making.

The Corporate Planning Department and the Personnel Department work in tandem much like the wheels of a car, and the Public Relations Department provides people both inside and outside the Company with accurate information on Nissho Iwai activities. Together, the three departments in the Corporate Planning & Personnel Division function in an extremely cohesive manner.

Information Strategy Division

This Division includes two departments, the Co-ordination & Research Department and the Information Planning Department.

The Co-ordination & Research Department was established as a new department on July 1, 1999 by realigning and combining the former International Planning & Administration Department and the former Research & Environmental Department. Its responsibilities encompass corporate relations with outside organizations, including management protocol and strategic

business alliance (SBA) activities; support for cross-divisional sales activities and for focused business development in specific markets; support for overseas office operations; and other support activities such as macroeconomic research and gathering and analyzing business information.

The Information Planning Department aligns and provides Company-wide IT networks to enable efficiently shared use of corporate and marketing information. It also helps create new business through electronic commerce and electronic data interchange (EC/EDI), and promotes the strategic utilization of information systems.

Nissho Iwai recognizes that ensuring its key information systems are adjusted for all contingencies related to the Year 2000 (Y2K) problem is a vital management task. Full alignments of the Company's main systems had been made as of June 1999. In addition, crisis management plans have been established and every possible effort, down to the smallest details, is being made to avoid or minimize risks.

Overall, the Information Strategy Division aims to provide the Company with efficient and flawless information infrastructure, and with the type of information that will enable it to implement its business strategies as effectively as possible.

Administration Division

The Administration Division comprises four departments: the Legal Department, the General Affairs Department, the Credit Department and the Osaka Legal & Credit Department. Each department plays a key role in risk management and using it to raise profitability. This activity includes legal work, management of credit risks and debt management.

In addition to its regular responsibilities, the General Affairs Department is making comprehensive preparations for the Company's move to a new Tokyo headquarters building in 2001.

Corporate Administration Group 2

Masanobu Kondo
Senior Managing Director



Corporate Administration Group 2 is responsible for professional services indispensable to the operation of a *sogo shosha*. The Group comprises the Finance Division, the Accounting Division, the Investment Assessment Office and the Business Process Re-Engineering Division, which was newly established July 1, 1999.

The mission of the Group is to help attain the basic goals of the medium-term management plan—to build the Company’s financial position and reform its profit structure. The Group is responsible for the macroeconomic and microeconomic planning of steps to be taken to gain a higher credit rating and to raise the value of its shares. It also provides administrative support for Company staff carrying out these plans.

Main Activities

Finance Division

The Finance Division is working to integrate the administration of essential fund-raising and management functions that supports the business activity of the Nissho Iwai Group. We are also working to strengthen our expertise in the use of institutional finance and other financial areas for projects both in Japan and overseas. The application of financial know-how is vital to a *sogo shosha*. The increase in foreign currency payments in Japan—a result of the Big Bang financial deregulation that began in April 1998—has made foreign currency management a much more important part of currency exchange activities. The Division will also carry on the important work of developing and strengthening operations in new financial businesses, including entry into new markets in fee businesses, both in Japan and overseas. Our approach in this area will be to make strategic use of Nissho Iwai’s human resources and know-how.

Accounting Division

The Accounting Division comprises the General Accounting Department and four Group Accounting Departments, including the Osaka Accounting Department. Each department is making efforts to bolster risk management functions and raise efficiency in their areas of administration. As we develop consolidated management, it will be important for the General Accounting Department to incorporate market-value accounting and pension accounting systems into consolidated settlements of accounts. The Group Accounting Departments are also developing the professional skills of its staff to provide accounting services that are based on international standards.

Business Process Re-Engineering Division

Officially established July 1, 1999, this Division comprises the ALM (asset and liability management) Department, the Risk Management Department and the Strategy Promotion Department. The three departments work in close cooperation to build the financial strength of the Company.

The ALM Department develops medium-term plans for management of consolidated and nonconsolidated balance sheets and statements of income to promote asset efficiency. It also develops plans for optimization of long-term portfolios.

The Risk Management Department analyzes risk from the perspective of the entire Company, develops proposals and creates response plans for risk. It also engages in research and makes proposals for the development of new management indices to be used as standards to guide decisions on continuing or withdrawing from transactions.

The Strategy Promotion Department engages in planning and provides administrative support for concrete steps taken to improve the management structure. It also works closely with the Investor Relations Office to develop constructive proposals to raise the rating of the Company’s securities and the price of its stocks.

Investment Assessment Office

The Investment Assessment Office analyzes all forms of risk, including country risk, pertaining to investments in international markets where sudden and dramatic changes can occur. The Office makes recommendations on loans and investments on the basis of its analyses and Nissho Iwai standards.

ENVIRONMENTAL ACTIVITIES



Nissho Iwai's acquisition of ISO 14001 certification represents the Company's business stance as a global company.

Nissho Iwai's eucalyptus afforestation project in Vietnam for pulp and paper raw material

Nissho Iwai's worldwide network of offices, subsidiaries and affiliates extends from Japan to 75 overseas countries. With an awareness of environmental issues from a global perspective, the Nissho Iwai Group places the highest priority on environmental stewardship.

A number of our established businesses are linked to the environment, including afforestation projects, the sale of environmental equipment and facilities, the development of clean energy, and recycling businesses. In November 1998, we acquired ISO 14001 certification, the international standard for environmental management introduced by the International Organization for Standardization (ISO) in 1996. The ISO 14001 certification program recognizes the importance of environmental management systems in the corporate sector for solving crucial environmental problems. To acquire certification, Nissho Iwai had to demonstrate that it had in place a sound system for environmental protection meeting strict, tangible standards. A

growing number of companies committed to environmental protection are acquiring certification.

Nissho Iwai acquired ISO 14001 certification for its head offices in Tokyo and Osaka during 1998. The Nagoya office followed with acquisition in June 1999, and domestic Group companies are now preparing for certification. In the future, Group efforts will include overseas operations, reflecting the global scale of our environmental program. By increasing the number of companies acquiring ISO 14001—and maintaining the high standards needed to pass the annual inspections—Nissho Iwai intends to raise its environmental management system to a new level.

In addition to corporate efforts, Nissho Iwai supports environmental protection at the grassroots level. Tradepia Club, a volunteer organization of Nissho Iwai employees, has made donations to Conservation International since 1994. Conservation International, a Washington D.C.-based NGO, engages in projects to support biodiversity and protect ecosystems.

FIVE-YEAR FINANCIAL SUMMARY

	Millions of yen				
	1999	1998	1997	1996	1995
Results of operations:					
Total trading transactions					
Export.....	¥ 1,188,362	¥ 1,383,166	¥ 1,178,414	¥ 1,026,273	¥ 1,025,081
Import.....	2,066,224	2,128,799	1,958,100	1,793,886	1,998,920
Offshore.....	1,980,061	2,632,017	2,088,886	2,097,469	2,713,281
Domestic.....	3,424,259	3,908,765	3,664,019	4,530,367	4,283,187
Total.....	8,658,906	10,052,747	8,889,419	9,447,995	10,020,469
Gross trading profit.....	272,899	291,332	278,538	255,683	255,362
Net income (loss).....	(98,542)	3,038	15,421	(25,046)	5,237
Financial position at year-end:					
Total assets.....	¥ 4,658,033	¥ 5,440,638	¥ 5,414,490	¥ 5,002,657	¥ 4,899,437
Long-term debt, less current portion.....	1,790,741	1,483,414	1,617,304	1,493,967	1,379,246
Total shareholders' equity.....	166,834	269,310	270,937	213,806	243,548
Yen					
Per share amounts					
Net income (loss).....	¥ (112.69)	¥ 3.47	¥ 18.38	¥ (31.94)	¥ 6.68
Cash dividends.....	—	5.00	5.00	5.00	5.00

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

During the fiscal year ended March 31, 1999, Nissho Iwai Corporation (the "Company") recorded consolidated net sales of ¥8,658.9 billion, a decline of 13.9%, gross trading profit of ¥272.9 billion, down 6.3%, and a net loss of ¥98.5 billion. The lower level of transactions was largely the result of an adverse operating environment in Japan and Southeast Asian markets, and the net loss reflects special charges to dispose of underperforming financial assets, write down unprofitable investments, and dissolve unviable subsidiaries and affiliates.

In April 1999, following the close of the fiscal year, the Company began a three-year plan aimed at continuing progress in streamlining assets and liabilities while reforming the revenue base to emphasize earnings contributions. Management views the fiscal year under review as a crucial turning point and has set concrete targets to be achieved by the fiscal year ended March 31, 2002.

RESULTS OF OPERATIONS

Analysis of Net Sales

Net sales (total trading transactions) fell 13.9% to ¥8,658.9 billion, with declines in every trade and commodity category. The largest single factor for the decline in net sales was a lower level of business activity at the parent company amid falling economic output in Japan. However, of the ¥1,393.8 billion decline, approximately ¥448.6 billion can be attributed to a change in accounting periods at major overseas subsidiaries, net of the positive impact of such factors as increasing the number of consolidated subsidiaries. Specifically, the results of Nissho Iwai American Corporation, Nissho Iwai Europe Plc, Nissho Iwai Hong Kong Corp. Ltd. and other subsidiaries reflected a nine-month irregular settlement, offsetting relatively strong underlying performance in overseas markets. Changes in average exchange rates, from ¥122.80 to ¥128.05 per U.S. dollar, increased net sales by approximately ¥170.0 billion.

By trade category, exports declined 14.1% to ¥1,188.4 billion, owing mainly to lower levels of machinery exports, including plants, automobiles and ships. Changes in average exchange rates increased net sales by approximately ¥35.0 billion.

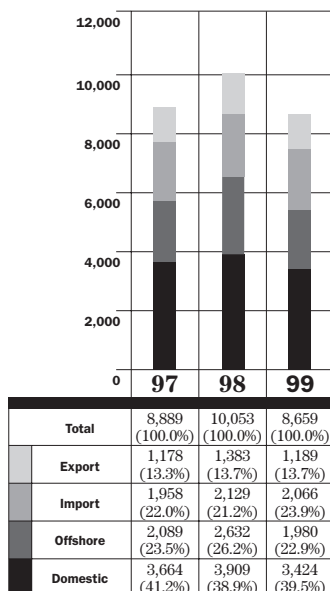
Imports edged down 2.9% to ¥2,066.2 billion, with declines in LNG, crude oil, general merchandise and wood products. Areas of growth included aircraft. Changes in average exchange rates decreased net sales by approximately ¥60.0 billion.

Offshore transactions fell 24.8% to ¥1,980.1 billion. The largest factors in this decline were lower levels of transactions in general merchandise, crude oil, automobiles and machinery. Changes in average exchange rates increased net sales by approximately ¥75.0 billion.

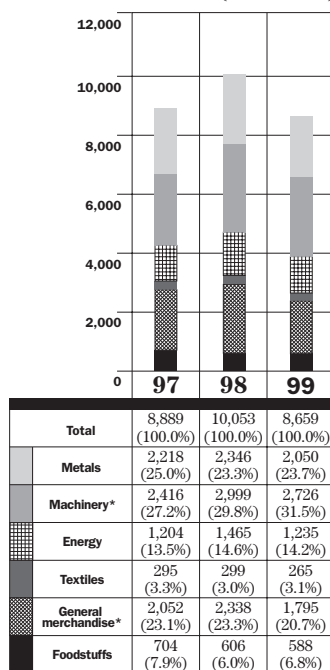
Domestic transactions declined 12.4% to ¥3,424.2 billion. The decrease reflects depressed demand in the Japanese economy for infrastructure facilities, construction equipment, steel products and wood products.

By commodity category, metals declined 12.6% to ¥2,049.7 billion. Transactions in steel products accounted for 73.1% and declined 12.7%, mainly owing to lower levels of domestic transactions of steel sheets, specialty steel

Transactions by Type of Trade
(Billions of Yen)

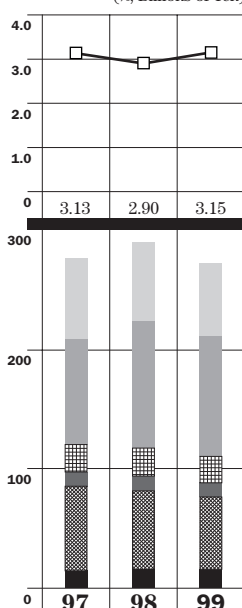


Transactions by Type of Commodity
(Billions of Yen)



*Machinery transactions include construction; general merchandise transactions include wood products and chemicals.

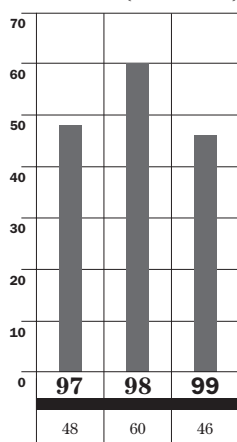
**Gross Trading Profit Ratio/
Gross Trading Profit by
Type of Commodity**
(%, Billions of Yen)



	97	98	99
Total	279 (100.0%)	291 (100.0%)	273 (100.0%)
Metals	68 (24.4%)	66 (22.8%)	61 (22.2%)
Machinery*	90 (32.2%)	107 (36.7%)	101 (37.0%)
Energy	23 (8.3%)	23 (8.0%)	22 (8.2%)
Textiles	12 (4.3%)	13 (4.5%)	12 (4.3%)
General merchandise*	71 (25.4%)	66 (22.7%)	61 (22.4%)
Foodstuffs	15 (5.4%)	16 (5.3%)	16 (5.9%)

*Machinery transactions include construction; general merchandise transactions include wood products and chemicals.

Operating Income
(Billions of Yen)



products and stainless steel. Transactions in non-ferrous metals, which make up the remaining 26.9%, were down 12.5%.

Machinery and construction sales were ¥2,726.2 billion, down 9.1% as a result of falling exports of industrial plants, automobiles and ships; lower domestic transactions of construction machinery and infrastructure; and declines in offshore transactions of automobiles and ships. Imports of aircraft maintained high growth. Machinery sales, which accounted for 90.8% of the category, declined 10.8%; construction made up the remaining 9.2%, with sales advancing 12.9%.

Energy sales declined 15.7% to ¥1,234.8 billion, owing to lower imports of crude oil and LNG, and lower offshore transactions of crude oil.

Sales of textiles were down 11.3% to ¥265.4 billion, reflecting mainly lower domestic demand for apparel.

Sales of general merchandise, which includes wood products and chemicals, declined 23.2% to ¥1,795.2 billion as a result of falling imports and offshore transactions in general merchandise, declines in imports and domestic transactions for wood products, and weak domestic sales of various chemical products and synthetic resins. Sales of general merchandise and wood products decreased 27.7%, making up 69.9% of the category. Sales of chemicals were down 10.3% and accounted for 30.1% of the category.

Sales of foodstuffs were down 3.0% to ¥587.6 billion, as lower results at overseas subsidiaries offset higher domestic transactions in marine products and livestock.

Analysis of Net Income

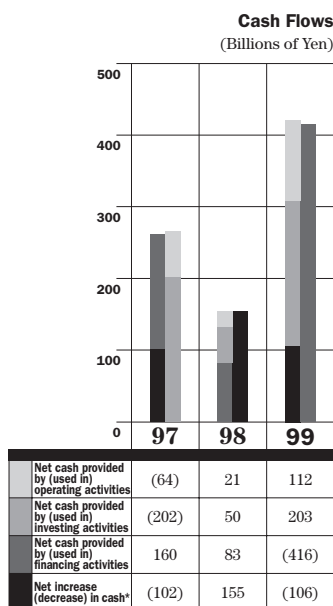
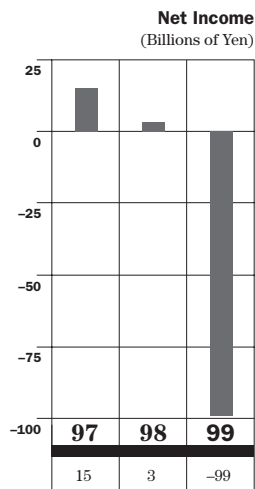
Operating Income

Cost of sales decreased 14.1% to ¥8,386.0 billion, holding the decline in gross trading profit to just 6.3% to ¥272.9 billion. The gross trading profit ratio improved 0.25 percentage point to 3.15%. By commodity, gross trading profit declined 8.4% in metals to ¥60.7 billion; 5.7% in machinery and construction to ¥100.9 billion; 3.0% in energy to ¥22.5 billion; 9.9% in textiles to ¥11.8 billion; and 7.9% in general merchandise to ¥61.0 billion. Gross trading profit edged up 3.2% in foodstuffs to ¥16.0 billion.

Selling, general and administrative expenses declined 2.1% to ¥226.8 billion, or 2.6% of net sales, with operating income of ¥46.1 billion, a decline of 22.7%.

Income before Income Taxes

Interest and dividend income decreased ¥23.3 billion to ¥95.0 billion, while interest expense was down ¥14.1 billion to ¥112.0 billion. The Company recorded other, net expenses of ¥134.2 billion. This included a ¥120.3 billion loss on fund trust investments and other financial investments, which included losses on the liquidation of NI Finance Corp., a financing subsidiary; a ¥28.8 billion loss on revaluation of securities, including cross-held shares at both the parent company and the World Leasing Corp.; a ¥13.4 billion provision for overseas doubtful receivables, reflecting the risk of loans outstanding mainly to entities in Asia; and a ¥2.8 billion loss on the dissolution of subsidiaries and



*Inclusive of effect of exchange rate changes on cash and cash equivalents.

affiliates. For a full breakdown of other, net expenses, see Note 9.

These factors led to a loss before income taxes of ¥105.1 billion. Through such substantial one-time charges, management completed its objectives for reducing underperforming assets.

Net Income

Income taxes, the sum of current and deferred, were a negative ¥10.2 billion as a result of tax benefits in line with the introduction of tax-effect accounting at the parent company and domestic subsidiaries. (See Note 10 for more details on taxation issues.) Equity in losses of unconsolidated subsidiaries and affiliates was ¥3.6 billion, an improvement of ¥0.4 billion compared with the previous term. As a result, the Company recorded a net loss for the term of ¥98.5 billion, which was ¥101.5 billion below the previous term's net income of ¥3.0 billion. To conserve internal reserves and build a stronger financial structure, management suspended dividend payments for the term.

LIQUIDITY AND FINANCIAL RESOURCES

Analysis of Cash Flows

Net cash provided by operating activities increased to ¥112.5 billion, compared with ¥20.6 billion in the previous term. As part of a long-term focus on streamlining assets, the Company raised cash through the securitization of receivables and tightened inventory controls. As a result, cash flow from operating activities included a decrease in trade receivables of ¥153.1 billion and a decrease in inventories of ¥50.6 billion.

Net cash provided by investing activities was ¥202.5 billion. While maintaining a policy of making strategic investments to support business expansion, management raised cash and improved the efficiency of its portfolio through the sale of securities.

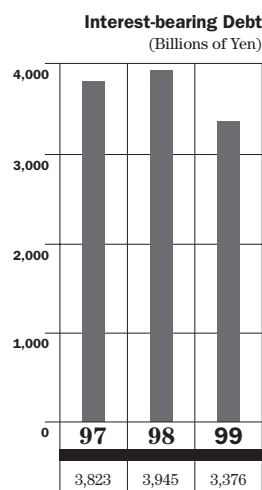
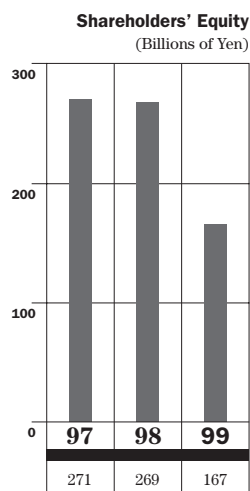
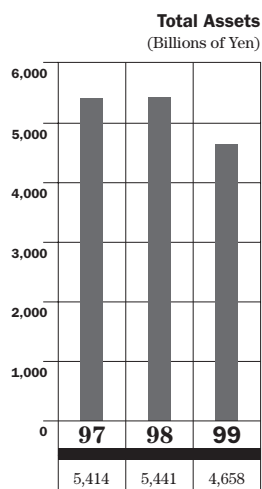
Net cash used in financing activities was ¥416.2 billion, reflecting the use cash flow from operating and investing activities to aggressively reduce interest-bearing debt.

In aggregate, cash and cash equivalents at end of year decreased ¥106.5 billion to ¥191.3 billion.

Analysis of Financial Position

Total current assets declined 20.8% to ¥2,930.1 billion, reflecting measures to streamline the balance sheet by reducing underperforming financial assets. In addition to lower levels of cash and cash equivalents reflecting tighter cash management, the Company reduced marketable securities by ¥273.8 billion to ¥516.9 billion and completely liquidated its remaining fund trust investments, which totaled ¥124.6 billion a year earlier. Total current liabilities were also reduced, by 27.7% to ¥2,615.2 billion. As a result, net working capital increased ¥232.9 billion to ¥314.9 billion and the current ratio improved 0.10 to 1.12.

Investments and non-current receivables decreased 5.1% to ¥1,182.0 billion, and property and equipment, at cost, less accumulated depreciation, rose 3.8% to ¥400.1 billion. Total assets declined 14.4% to ¥4,658.0 billion.



In Asian countries that have been especially affected by economic turmoil, the Company and local consolidated subsidiaries, including special purpose companies, had investments, loans and guarantees of ¥253.8 billion as follows: ¥48.2 billion in Thailand, ¥23.1 billion in Malaysia, ¥169.2 billion in Indonesia, ¥11.4 billion in the Philippines, and ¥1.9 billion in South Korea. The commercial risk of this exposure was covered with collateral, guarantees and project finance in the following proportions: 15% in Thailand, 65% in Indonesia and 25% in the Philippines. With 0% coverage in Malaysia and South Korea, the aggregate coverage was 47%. Moreover, the Company has established a provision for overseas doubtful receivables of ¥13.4 billion.

Interest-bearing debt (short-term debt, commercial paper, current and long-term portions of long-term debt and notes discounted) decreased ¥569.2 billion to ¥3,376.1 billion. To increase the flexibility of its cash and medium-term liability management, the Company established a credit facility with financial institutions to be available through March 2002.

Total shareholders' equity declined to ¥166.8 billion as a result of an accumulated deficit of ¥35.0 billion.

Performance of Consolidated Subsidiaries and Affiliates

For the fiscal year ended March 31, 1999, 395 subsidiaries were consolidated, comprising 186 domestic and 209 overseas companies. In addition, there were 223 companies accounted for by the equity method, of which 97 were domestic and 126 were overseas companies. In the previous term, there were 354 consolidated subsidiaries and 204 companies accounted for by the equity method. Group companies, comprising consolidated subsidiaries and companies accounted for by the equity method, increased from 558 to 618 as of March 31, 1999. The following table presents information regarding the profitability of these companies for the past two fiscal years.

Years ended March 31

	1999			1998		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Profitable companies	179 (63.3)	213 (63.6)	392 (63.4)	194 (73.5)	182 (61.9)	376 (67.4)
Total	283	335	618	264	294	558

() : Percentage of total

OUTLOOK

The current fiscal year, ending March 31, 2000, represents the first year of a new three-year management plan, which aims to streamline assets, reduce selling, general and administrative expenses and consolidate Group companies.

Although the continuing liquidation of assets may have an adverse impact on earnings, through business re-engineering and a lower operating cost structure, the plan targets net sales of ¥8,560 billion and income before income taxes of ¥48 billion by the fiscal year ending March 31, 2002. During the same period, management aims to reduce total assets by ¥1,220 billion to ¥3,440 billion, and interest-bearing debt by ¥1,179 billion to ¥2,197 billion, to achieve a net debt-to-equity ratio of 9 times or less.

CONSOLIDATED BALANCE SHEETS

A S S E T S	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
Current assets:			
Cash and cash equivalents (Note 4)	¥ 191,300	¥ 297,777	\$ 1,580,992
Time deposits (Note 4)	79,639	37,953	658,173
Marketable securities (Notes 3 and 4)	516,938	790,743	4,272,215
Fund trust investments	—	124,583	—
Receivables:			
Trade notes (Note 4)	301,013	346,914	2,487,711
Trade accounts (Note 4)	982,826	1,129,777	8,122,529
Loans	192,217	234,187	1,588,570
Unconsolidated subsidiaries and affiliates	73,174	67,844	604,744
Allowance for doubtful receivables	(17,500)	(12,812)	(144,628)
Inventories (Note 4)	399,587	461,047	3,302,372
Advance payments to suppliers	77,168	78,280	637,752
Deferred tax assets — current (Note 10)	5,740	152	47,438
Other current assets	128,036	145,132	1,058,149
Total current assets	2,930,138	3,701,577	24,216,017
Investments and non-current receivables:			
Investment securities (Notes 3 and 4)	353,103	430,470	2,918,206
Investments in and advances to unconsolidated subsidiaries and affiliates	165,080	147,663	1,364,297
Long-term loans and receivables	718,066	711,580	5,934,430
Allowance for doubtful receivables	(54,251)	(43,620)	(448,355)
	1,181,998	1,246,093	9,768,578
Property and equipment, at cost (Note 4):			
Land	126,104	125,398	1,042,182
Buildings and structures	139,657	154,414	1,154,190
Equipment and fixtures	250,050	236,541	2,066,529
Construction in progress	44,100	27,031	364,463
Accumulated depreciation	(159,794)	(157,779)	(1,320,612)
	400,117	385,605	3,306,752
Other assets:			
Deferred tax assets — non-current (Note 10)	29,349	11,708	242,554
Foreign currency translation adjustments	72,903	47,610	602,504
Intangible assets and deferred charges	43,528	48,045	359,735
	¥4,658,033	¥5,440,638	\$38,496,140

See accompanying notes.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 1)
	1999	1998	1999
Current liabilities:			
Short-term debt, principally unsecured (Notes 4 and 5)	¥1,170,642	¥1,503,047	\$ 9,674,727
Commercial paper.....	42,200	470,883	348,760
Current portion of long-term debt (Notes 4 and 5)	340,181	435,979	2,811,413
Payables:			
Trade notes.....	224,663	295,899	1,856,719
Trade accounts.....	516,119	644,660	4,265,446
Unconsolidated subsidiaries and affiliates	11,686	11,742	96,579
Accrued liabilities	31,924	42,236	263,835
Income taxes payable.....	6,606	7,973	54,595
Advances received from customers.....	84,993	74,924	702,421
Deferred tax liabilities — current (Note 10).....	1,039	—	8,587
Other current liabilities	185,167	132,218	1,530,306
Total current liabilities.....	2,615,220	3,619,561	21,613,388
Non-current liabilities:			
Long-term debt, less current portion (Notes 4 and 5)	1,790,741	1,483,414	14,799,512
Employees' retirement benefits.....	8,621	9,378	71,248
Deferred tax liabilities — non-current (Note 10).....	13,459	3,529	111,231
Other non-current liabilities	37,264	29,560	307,968
	1,850,085	1,525,881	15,289,959
Minority interests in consolidated subsidiaries	25,894	25,886	214,000
Contingent liabilities (Note 11)			
Shareholders' equity:			
Common stock, par value ¥50 per share (Note 6)	102,938	102,938	850,727
Additional paid-in capital (Note 6)	98,890	98,890	817,273
Retained earnings (Accumulated deficit) (Note 6).....	(34,994)	67,486	(289,207)
Treasury stock	—	(4)	—
Total shareholders' equity	166,834	269,310	1,378,793
	¥4,658,033	¥5,440,638	\$38,496,140

CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen			Thousands of U.S. dollars (Note 1)
	1999	1998	1997	1999
Net sales (Total trading transactions) (Note 8).....	¥8,658,906	¥10,052,747	¥8,889,419	\$71,561,207
Cost of sales (Note 8)	8,386,007	9,761,415	8,610,881	69,305,843
Gross trading profit.....	272,899	291,332	278,538	2,255,364
Selling, general and administrative expenses	226,775	231,657	230,351	1,874,174
Operating income.....	46,124	59,675	48,187	381,190
Other income (expenses):				
Interest and dividend income.....	95,040	118,370	102,969	785,454
Interest expense	(112,021)	(126,116)	(111,813)	(925,793)
Other, net (Note 9).....	(134,247)	(30,462)	(11,610)	(1,109,479)
Income (loss) before income taxes	(105,104)	21,467	27,733	(868,628)
Income taxes (Note 10):				
Current	13,509	15,700	13,905	111,645
Deferred.....	(23,682)	(1,322)	81	(195,719)
Total.....	(10,173)	14,378	13,986	(84,074)
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	(3,611)	(4,051)	1,674	(29,843)
Net income (loss)	¥ (98,542)	¥ 3,038	¥ 15,421	\$ (814,397)
		Yen		U.S. cents
Net income (loss) per share.....	¥ (112.69)	¥ 3.47	¥ 18.38	(93.13)¢
Net income per share – diluted	—	3.24	17.04	—
Cash dividends per share	—	5.00	5.00	—

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Millions of yen			Thousands of U.S. dollars (Note 1)
	1999	1998	1997	1999
Common stock (Note 6):				
Balance at beginning of year	¥102,938	¥102,938	¥ 79,898	\$ 850,727
Issuance of common stock.....	—	—	23,040	—
Balance at end of year	¥102,938	¥102,938	¥102,938	\$ 850,727
Additional paid-in capital (Note 6):				
Balance at beginning of year	¥ 98,890	¥ 98,890	¥ 75,940	\$ 817,273
Issuance of common stock.....	—	—	22,950	—
Balance at end of year	¥ 98,890	¥ 98,890	¥ 98,890	\$ 817,273
Unappropriated retained earnings				
(Accumulated deficit) (Note 6):				
Balance at beginning of year	¥ 67,486	¥ 69,111	¥ 57,970	\$ 557,735
Net income (loss)	(98,542)	3,038	15,421	(814,397)
Appropriation:				
Cash dividends paid	(2,186)	(4,372)	(4,147)	(18,066)
Bonuses to directors and corporate auditors.....	(57)	(88)	(80)	(471)
Effect arising from changes of subsidiaries and affiliates for consolidation	(382)	(203)	(53)	(3,157)
Interperiod tax allocation adjustment	(1,313)	—	—	(10,851)
Balance at end of year	¥ (34,994)	¥ 67,486	¥ 69,111	\$(289,207)
Number of shares of common stock authorized				
(thousands)	1,600,000	1,600,000	1,600,000	
Number of shares of common stock issued (thousands):				
At beginning of year	874,432	874,432	784,432	
Issuance of common stock.....	—	—	90,000	
At end of year	874,432	874,432	874,432	

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen			Thousands of U.S. dollars (Note 1)
	1999	1998	1997	1999
Cash flows from operating activities:				
Net income (loss).....	¥ (98,542)	¥ 3,038	¥ 15,421	\$ (814,397)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	26,334	26,195	18,826	217,636
(Gain) loss on disposal of properties.....	(16,835)	1,823	804	(139,132)
(Gain) loss on sale of securities.....	(22,179)	4,530	(229)	(183,298)
Loss on revaluation of securities.....	28,750	9,964	3,260	237,603
Loss on fund trust investments and other financial investments	120,286	—	—	994,099
Deferred income taxes	(8,161)	(1,678)	(167)	(67,446)
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates.....	3,611	4,051	(1,674)	29,843
Provision for doubtful receivables	16,599	1,009	4,192	137,182
Decrease (increase) in trade receivables	153,063	124,042	(31,534)	1,264,984
Decrease (increase) in inventories.....	50,616	(51,446)	(72,360)	418,314
Increase in other assets.....	(22,177)	(1,422)	(6,552)	(183,281)
Decrease in trade payables.....	(189,866)	(127,754)	(17,224)	(1,569,140)
(Decrease) increase in income taxes payable.....	(1,097)	(755)	2,942	(9,066)
Increase in other liabilities.....	78,588	39,188	26,405	649,488
Other.....	(6,529)	(10,222)	(6,047)	(53,959)
Net cash provided by (used in) operating activities..	112,461	20,563	(63,937)	929,430
Cash flows from investing activities:				
(Increase) decrease in time deposits.....	(43,340)	10,785	155	(358,182)
Proceeds from disposal of properties.....	53,307	23,544	5,547	440,554
Payments for property and equipment.....	(86,862)	(75,127)	(41,317)	(717,868)
Proceeds from sale of securities	556,646	514,435	399,540	4,600,380
Payments for purchase of securities.....	(247,879)	(404,385)	(481,388)	(2,048,587)
Decrease (increase) in short-term loans receivable	25,761	4,887	(30,442)	212,901
Additions to long-term loans receivable	(233,090)	(223,724)	(214,961)	(1,926,363)
Decrease in long-term loans receivable	176,945	203,651	152,785	1,462,355
Other.....	1,015	(3,977)	7,664	8,389
Net cash provided by (used in) investing activities ..	202,503	50,089	(202,417)	1,673,579
Cash flows from financing activities:				
(Decrease) increase in short-term debt.....	(678,583)	115,736	(48,634)	(5,608,124)
Proceeds from issuance of bonds	77,540	186,530	246,514	640,826
Redemption of bonds	(317,421)	(225,118)	(108,794)	(2,623,314)
Proceeds from other long-term debt.....	786,230	265,782	221,249	6,497,769
Repayments of other long-term debt.....	(281,755)	(255,056)	(192,021)	(2,328,554)
Proceeds from issuance of common stock.....	—	—	45,990	—
Dividends paid	(2,186)	(4,372)	(4,147)	(18,066)
Net cash (used in) provided by financing activities.	(416,175)	83,502	160,157	(3,439,463)
Effect of exchange rate changes on cash and cash equivalents	(5,266)	919	3,999	(43,521)
Net (decrease) increase in cash and cash equivalents.....	(106,477)	155,073	(102,198)	(879,975)
Cash and cash equivalents at beginning of year.....	297,777	142,704	244,902	2,460,967
Cash and cash equivalents at end of year.....	¥ 191,300	¥ 297,777	¥ 142,704	\$ 1,580,992
Supplemental disclosure of cash flow information:				
Cash paid during the year for:				
Interest	¥ 106,561	¥ 109,902	¥ 99,813	\$ 880,669
Income taxes.....	12,058	16,669	9,769	99,653

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Nissho Iwai Corporation (the "Company") and its consolidated domestic subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Japanese Commercial Code and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards. The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile.

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of the Company which were prepared in accordance with accounting principles and practices generally accepted in Japan from the accounts and records maintained by the Company and its consolidated subsidiaries and were filed with the Minister of Finance ("MOF") as required by the Securities

and Exchange Law.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The consolidated statements of cash flows have been prepared for the purpose of inclusion in the consolidated financial statements, although such statements are not customarily prepared in Japan and are not required to be filed with MOF.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of the readers using the prevailing exchange rate at March 31, 1999, which was ¥121 to U.S.\$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Consolidation**

The consolidated financial statements include the accounts of the Company and its significant majority-owned domestic and foreign subsidiaries. Investments in unconsolidated subsidiaries and affiliates (companies in which ownership is 20% to 50%), with minor exceptions, are accounted for by the equity method. Intercompany transactions and accounts have been eliminated. The excess of costs of the Company's investments in subsidiaries and affiliates over its equity in the net assets at dates of acquisition is, with minor exceptions, being amortized on the straight-line basis over five years. Certain major overseas consolidated subsidiaries have changed their fiscal year end dates. For these subsidiaries the consolidated financial statements for the year ended March 31, 1999 include only nine months of operations.

Cash and cash equivalents

Cash and cash equivalents include time deposits with original maturities of three months or less.

Allowance for doubtful receivables

The allowance for doubtful receivables is provided in amounts management considers sufficient to cover possible losses on collection. The allowance is based on past collection experience and management's estimate of the collectibility of individual receivables.

In prior years the allowance was provided at the higher of management's estimate or a maximum amount permitted for tax purposes. The effect of this change, which was made in accordance with revisions in the Corporation Tax Law, was immaterial.

Inventories

Inventories, consisting mainly of commodities and materials held for resale, are stated at cost, principally on the first-in, first-out basis, except for items that are written down because net realizable values are substantially less than their original costs.

Marketable securities and investments

Marketable securities and investment securities, except those accounted for by the equity method, are stated at cost by the moving average method.

Fund trust investments deposited with trust banks consist of marketable securities and cash equivalents and are stated at cost.

If significant impairment of value of an individual equity security or a fund trust investment (on a trust-by-trust basis) is deemed permanent, cost is written down to recoverable value.

With respect to certain subsidiaries in the United States of America, the consolidated financial statements do not include the effects of their application of Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities".

The effect of application of SFAS 115 at March 31, 1999 with respect to these subsidiaries would have increased marketable securities by ¥3,315 million (\$27,397 thousand) and income taxes payable by ¥1,326 million (\$10,959 thousand), and would have decreased investment securities by ¥4,377 million (\$36,174 thousand), deferred tax liabilities — non-current by ¥1,751 million (\$14,471 thousand) and retained earnings by ¥637 million (\$5,264 thousand).

Property and equipment

Property and equipment are stated at cost. Depreciation is computed primarily by the declining-balance method for assets held by the Company and its domestic subsidiaries, except that buildings and structures in the Nissho Iwai Shin-Yokohama Center and buildings acquired after March 31, 1998 are depreciated by the straight-line method. Assets held by foreign subsidiaries are depreciated in accordance with local accounting standards, principally by the straight-line method. Effective April 1, 1998, in accordance with revisions in the Corporation Tax Law of Japan, newly acquired buildings are depreciated using the straight-line method and the useful lives used to calculate depreciation of buildings were shortened. The effects of these changes were immaterial.

Repair and maintenance expenditures are charged to income when incurred.

Finance leases

Finance leases of the Company and its domestic subsidiaries which do not transfer ownership and do not have bargain purchase options are accounted for in the same manner as operating leases.

Translation of foreign currencies

—Receivables and payables denominated in foreign currencies—

Current and non-current receivables and payables in foreign currencies are principally translated at historical rates, except for those translated at contracted foreign exchange rates, while those of the Company's overseas branches and foreign consolidated subsidiaries are translated at the year-end rate.

When fluctuations in foreign exchange rates are significant, the current exchange rate is applied to translation of both current and non-current receivables and payables denominated in foreign currencies.

—Foreign currency financial statements—

The financial statements of foreign consolidated subsidiaries and affiliates are translated at the year-end rate except for share capital accounts and retained earnings which are translated at historical rates.

Resulting translation adjustments are reflected in the consolidated financial statements as foreign currency translation adjustments.

Net sales (total trading transactions) and related costs

As general trading companies, the Company and certain of its consolidated subsidiaries act as principal or agent in trading transactions. When acting as agent, the companies charge a commission to their principal, but the total sales value of the related contracts is included in net sales (total trading transactions), and cost of sales represents the total sales value less the commission.

Gross trading profit represents the difference between net sales and cost of sales with respect to purchase and sale transactions in which the companies act as principal, and represents compensation in the form of commissions with respect to agency transactions.

As to a substantial portion of the transactions in which the companies act as principal, only title to and payment for the goods pass through the companies without physical acquisition and delivery by the companies.

Deferred charges

Bond and stock issue expenses are amortized on the straight-line method over three years. Bond issue discounts are deferred and amortized on the straight-line method over the period through redemption.

Employees' retirement benefits

The Company has a lump-sum retirement benefit plan and a funded noncontributory pension plan generally covering all employees other than directors and corporate auditors. Under the terms of the lump-sum retirement benefit plan, eligible employees are entitled under most circumstances, upon manda-

tory retirement or earlier voluntary termination of employment, to lump-sum payments based on compensation at the time of retirement, years of service and other factors. The liability for employees' retirement benefits under the lump-sum benefit plan is provided to cover 40% of the sum that would be required if all employees voluntarily retired at the balance sheet date. The funded pension plan covers substantially all employees and provides for lifetime annuity payments commencing at age 60. Past service costs are being funded over approximately 15 years. The assets of the pension fund amounted to ¥85,267 million (\$704,686 thousand) at March 31, 1999. The lump-sum benefit plan covers approximately 25% of the amount of severance payments and the pension plan covers the remaining portion. Certain of the consolidated subsidiaries also have retirement benefits and/or pension plans similar to those of the Company.

Retirement benefits to directors and corporate auditors are charged to current income when approved by the General Meeting of Shareholders.

Income taxes

Effective for the year ended March 31, 1999, the Company and its major domestic subsidiaries adopted the newly issued Financial Accounting Standard, "Accounting for Income Taxes." Under the new standard, deferred taxes are recognized for the estimated tax effects of temporary differences between the financial reporting and tax basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates applicable to the periods in which the temporary differences are expected to be recovered or settled.

In prior years, the Company and its domestic subsidiaries accounted for income taxes on the basis of amounts currently payable. Deferred taxes were not recognized except for the timing differences resulting from adjustments on consolidation, such as elimination of unrealized intercompany profit, and in the accounts of certain foreign consolidated subsidiaries.

This change of accounting principle resulted in a decrease in the net loss of ¥22,548 million (\$186,347 thousand) and a decrease in the March 31, 1999 accumulated deficit of ¥21,235 million (\$175,496 thousand).

Amounts per share

The computation of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during the relevant period. Diluted net income per share is computed based on the assumption that all dilutive convertible bonds were converted at the beginning of the year or later date of issuance.

Derivative instruments

The Company uses foreign exchange contracts, currency options, swaps and various types of interest rate, bond, equity and commodity related forwards, futures and options, principally to reduce the market risk associated with financial activities and commodity trading activities. The Company selects highly-ranked financial institutions, exchanges and brokers as counter parties to minimize credit risk exposure. All of the derivative transactions are under the strict control of management through various limit restrictions and reporting by risk control sections.

3. MARKETABLE EQUITY SECURITIES

At March 31, 1999 and 1998, the aggregate book value, market value and net unrealized loss for marketable equity securities included in marketable and investment securities were as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Book value included in:			
Marketable securities	¥227,759	¥302,471	\$1,882,306
Investment securities	97,571	68,357	806,372
	325,330	370,828	2,688,678
Market value	269,203	318,553	2,224,818
Net unrealized loss	¥(56,127)	¥(52,275)	\$ (463,860)

4. PLEDGED ASSETS

At March 31, 1999, the following assets were pledged as collateral for short-term debt of ¥46,900 million (\$387,603 thousand), long-term debt of ¥100,195 million (\$828,058 thousand) and transaction and other guarantees:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Cash equivalents and time deposits.....	¥ 1,695		\$ 14,008
Trade notes and accounts receivable	46,602		385,141
Inventories	10,101		83,479
Securities, principally marketable equity securities.....	74,573		616,306
Property and equipment, less accumulated depreciation.....	83,965		693,926
	¥216,936		\$1,792,860

5. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt was represented by short-term notes, generally for 90 days, bearing interest at annual rates ranging from 0.45% to 12.31% and from 0.66% to 13.00% at March 31, 1999 and 1998, respectively.

As is customary in Japan, long-term and short-term bank borrowings are made under general agreements which provide that additional security and guarantees for present and future

indebtedness will be given upon the request of the bank, and that any collateral so provided will be applicable to all indebtedness due to such bank. In addition, the agreements provide that the bank has the right to off-set cash deposited against long-term borrowings that become due and, in case of default and certain other specified events, against all other debts payable to the bank.

A summary of long-term debt at March 31, 1999 and 1998, was as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
4.7% bonds due 1998 payable in Japanese yen	¥ —	¥ 29,500	\$ —
3.0% bonds due 1998 payable in Japanese yen	—	10,000	—
5.0% bonds due 1998 payable in Australian dollars	—	21,116	—
0.65% convertible bonds due 2003 payable in Japanese yen.....	31,319	45,850	258,835
0.25% convertible bonds due 2003 payable in Japanese yen.....	17,500	17,500	144,628
1.0% bonds due 2003 payable in Japanese yen, exchangeable for shares of a certain company	12,500	12,500	103,306
Floating rate notes maturing serially through 2007 payable in Japanese yen	26,300	28,000	217,355
Bonds maturing serially through 2005 payable in Japanese yen at interest rates of 1.55% to 4.4%.....	120,600	175,000	996,694
Floating rate notes due 1998 payable in U.S. dollars.....	—	9,371	—
Notes under medium-term note programmes maturing serially through 2007 at interest rates of 0.15% to 8.45%.....	208,047	330,070	1,719,397
Long-term loans, principally from commercial and trust banks and insurance companies, maturing serially through 2018 at interest rates of 0.23% to 10.19%.....	1,337,743	982,523	11,055,727

Continued:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
Long-term loans, from governmental financial institutions, principally The Export-Import Bank of Japan, maturing serially through 2020 at interest rates of 0.69% to 9.11%.....	299,792	200,790	2,477,620
Other long-term indebtedness, maturing serially through 2028 at interest rates of 1.60% to 7.44%.....	77,121	57,173	637,363
Total.....	2,130,922	1,919,393	17,610,925
Less current portion.....	340,181	435,979	2,811,413
	¥1,790,741	¥1,483,414	\$14,799,512

The aggregate annual amounts of long-term debt maturing in the years ending March 31, 2000 to 2005 and thereafter, are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2000.....	¥ 340,181	\$ 2,811,413
2001.....	521,470	4,309,669
2002.....	482,027	3,983,694
2003.....	219,421	1,813,397
2004.....	235,163	1,943,496
2005 and thereafter	332,660	2,749,256
	¥2,130,922	\$17,610,925

The conversion prices per share of the 0.65% and 0.25% convertible bonds were ¥551 (\$4.55) and ¥441 (\$3.64), respectively.

At March 31, 1999, 111,538,405 shares of common stock were reserved for conversion of the convertible bonds, including those held by consolidated subsidiaries.

6. SHAREHOLDERS' EQUITY

The Commercial Code of Japan provides that:

- (a) The entire issue price of shares must be credited to common stock, with the provision that, by resolution of the Board of Directors, up to one-half of such issue price may be credited to additional paid-in capital, so long as the common stock is equal to at least the aggregate par value of the shares issued.
- (b) An amount equal to at least 10% of cash appropriations of retained earnings shall be set aside as legal reserve until such reserve equals 25% of the stated capital. The legal reserve may not be distributed to shareholders, but may be appropriated to

eliminate or reduce a deficit, if any, by resolution of the shareholders, or it may be capitalized by resolution of the Board of Directors. Legal reserves of the Company and domestic consolidated subsidiaries are reflected in the consolidated financial statements as a reduction in the accumulated deficit.

On August 23, 1996, the Company issued 90,000,000 shares of its common stock at a price of ¥511 per share through a public offering in the Euro market. The proceeds of the shares were credited to common stock in the amount of ¥23,040 million and additional paid-in capital in the amount of ¥22,950 million.

7. SEGMENT INFORMATION

The Company and its major consolidated subsidiaries operate in a single industry commonly classified as general trading companies. The activities include worldwide trading in various commodities, financing for customers and suppliers relating to

such trading activities, and organizing and coordinating industrial projects on an international basis in conjunction with trading activities.

Segment information by geographic area was as follows:

Year ended March 31, 1999	Millions of yen						Elimination or Unallocated	Consolidated
	Japan	North America	Europe	Asia, Oceania	Other Areas			
Total trading transactions:								
Outside customers.....	¥ 7,553,445	¥ 665,561	¥ 146,695	¥ 247,261	¥ 45,944	¥ —	¥ 8,658,906	
Inter-areas	620,500	603,675	256,901	941,691	326	(2,423,093)	—	
Total	8,173,945	1,269,236	403,596	1,188,952	46,270	(2,423,093)	8,658,906	
Operating expenses	8,139,935	1,263,510	401,823	1,186,700	46,244	(2,425,430)	8,612,782	
Operating income.....	¥ 34,010	¥ 5,726	¥ 1,773	¥ 2,252	¥ 26	¥ 2,337	¥ 46,124	
Assets.....	¥ 3,398,465	¥ 415,712	¥ 800,812	¥ 500,107	¥ 279,132	¥ (736,195)	¥ 4,658,033	

Thousands of U.S. dollars							
	Japan	North America	Europe	Asia, Oceania	Other Areas	Elimination or Unallocated	Consolidated
Total trading transactions:							
Outside customers.....	\$ 62,425,165	\$ 5,500,504	\$ 1,212,355	\$ 2,043,480	\$ 379,703	\$ —	\$ 71,561,207
Inter-areas	5,128,099	4,989,050	2,123,149	7,782,570	2,694	(20,025,562)	—
Total	67,553,264	10,489,554	3,335,504	9,826,050	382,397	(20,025,562)	71,561,207
Operating expenses	67,272,190	10,442,232	3,320,851	9,807,438	382,182	(20,044,876)	71,180,017
Operating income.....	\$ 281,074	\$ 47,322	\$ 14,653	\$ 18,612	\$ 215	\$ 19,314	\$ 381,190
Assets	\$ 28,086,487	\$ 3,435,636	\$ 6,618,281	\$ 4,133,116	\$ 2,306,876	\$ (6,084,256)	\$ 38,496,140

Year ended March 31, 1998

Millions of yen							
	Japan	North America	Europe	Asia, Oceania	Other Areas	Elimination or Unallocated	Consolidated
Total trading transactions:							
Outside customers.....	¥ 8,225,575	¥ 1,090,466	¥ 267,748	¥ 404,693	¥ 64,265	¥ —	¥10,052,747
Inter-areas	936,221	832,928	438,437	1,202,297	682	(3,410,565)	—
Total	9,161,796	1,923,394	706,185	1,606,990	64,947	(3,410,565)	10,052,747
Operating expenses	9,119,724	1,916,486	703,090	1,601,308	65,052	(3,412,588)	9,993,072
Operating income (loss)	¥ 42,072	¥ 6,908	¥ 3,095	¥ 5,682	¥ (105)	¥ 2,023	¥ 59,675
Assets	¥ 3,734,802	¥ 465,416	¥ 986,285	¥ 505,783	¥ 257,652	¥ (509,300)	¥ 5,440,638

The principal countries or areas included in each region are as follows:

North America.....U.S.A. and Canada

EuropeUnited Kingdom and Germany

Asia, OceaniaSingapore and China

Other areas.....Central and South America and Africa

Year ended March 31, 1997

Millions of yen					
	Japan	Other Areas	Elimination or Unallocated	Consolidated	
Total trading transactions:					
Outside customers.....		¥ 7,311,295	¥ 1,578,124	¥ —	¥ 8,889,419
Inter-areas		2,243,072	1,945,434	(4,188,506)	—
Total		9,554,367	3,523,558	(4,188,506)	8,889,419
Operating expenses		9,522,413	3,508,942	(4,190,123)	8,841,232
Operating income.....		¥ 31,954	¥ 14,616	¥ 1,617	¥ 48,187
Assets		¥ 3,662,127	¥ 2,035,223	¥ (282,860)	¥ 5,414,490

Included in assets in the elimination or unallocated column at March 31, 1999, 1998 and 1997 are foreign currency translation adjustments of ¥72,903 million (\$602,504 thousand), ¥47,610 million and ¥60,833 million, respectively.

Overseas trading transactions for the years ended March 31, 1999 and 1998 were as follows:

	Millions of yen		Thousands of U.S. dollars
	1999	1998	1999
North America.....	¥ 893,454	¥1,033,107	\$ 7,383,917
Europe	372,532	457,257	3,078,777
Asia, Oceania.....	1,219,429	1,563,249	10,077,926
Other areas	683,008	961,570	5,644,694
	¥3,168,423	¥4,015,183	\$26,185,314

The principal countries or areas included in each region are as follows:

North America.....U.S.A. and Canada

EuropeNetherlands and United Kingdom

Asia, OceaniaChina, Republic of Korea and Indonesia

Other areas.....Middle and Near East and Central and South America

Overseas trading transactions for the year ended March 31, 1997 were ¥3,267,300 million. Overseas trading transactions include the total sales of the Company and the consolidated subsidiaries that occurred outside of Japan.

8. SALES TO AND PURCHASES FROM UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Sales to and purchases from unconsolidated subsidiaries and affiliates for the years ended March 31, were as follows:

	Millions of yen			Thousands of U.S. dollars
	1999	1998	1997	1999
Net sales	¥277,791	¥318,213	¥305,198	\$2,295,793
Purchases	302,278	411,155	272,012	2,498,165

9. OTHER INCOME (EXPENSES)

Details of "Other, net" in the consolidated statements of income for the years ended March 31 were as follows:

	Millions of yen			Thousands of U.S. dollars
	1999	1998	1997	1999
Gain (loss) on sale of securities	¥ 22,179	¥ (4,530)	¥ 229	\$ 183,298
Loss on revaluation of securities	(28,750)	(9,964)	(3,260)	(237,603)
Gain (loss) on disposal of properties	16,835	(1,823)	(804)	139,132
Loss on withdrawal from certain foreign operations	(937)	(1,375)	(265)	(7,744)
Loss on the dissolution of subsidiaries and affiliates	(2,792)	(5,986)	(1,094)	(23,074)
Provision for overseas doubtful receivables	(13,401)	(4)	(6)	(110,752)
Loss on fund trust investments and other financial investments	(120,286)	—	—	(994,099)
Other	(7,095)	(6,780)	(6,410)	(58,637)
	¥(134,247)	¥(30,462)	¥(11,610)	\$ (1,109,479)

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to a number of different taxes based on income which in the aggregate indicate an approximate statutory rate of 48% for the year ended March 31, 1999 and 51% for the years ended March 31, 1998 and 1997. Foreign subsidiaries are subject to income taxes of the countries where they operate.

Significant components of deferred tax assets and liabilities at March 31, 1999 were as follows.

	Millions of yen	Thousands of U.S. dollars
	1999	1999
Deferred tax assets:		
Allowance for doubtful receivables	¥15,983	\$132,091
Employees' retirement benefits	2,035	16,818
Unrealized intercompany profit	13,208	109,157
Other	6,569	54,289
Gross deferred tax assets	37,795	312,355
Deferred tax liabilities:		
Deferred gain on sale of properties	9,980	82,479
Reversal of allowance resulting from elimination of intercompany accounts	2,132	17,620
Other	5,092	42,082
Gross deferred tax liabilities	17,204	142,181
Net deferred tax assets	¥20,591	\$170,174

Deferred tax assets of ¥30,235 million (\$249,876 thousand) with respect to net operating loss carryforwards of the Company and its subsidiaries were not recognized.

11. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 1999, were as follows:

	Millions of yen	Thousands of U.S. dollars
For repurchase of notes discounted and endorsed	¥ 34,665	\$ 286,488
For guarantees of indebtedness to:		
Unconsolidated subsidiaries and affiliates	¥104,813	\$ 866,223
Others	99,666	823,686
	¥204,479	\$1,689,909

12. LEASES

Information on finance leases of the Company and domestic consolidated subsidiaries is as follows:

Non-capitalized finance leases, as lessee:	Millions of yen				Thousands of U.S. dollars
	Buildings and structures	Equipment and fixtures	Other	Total	Total
At March 31, 1999					
Original lease obligation, including finance charges	¥ 459	¥14,978	¥ 368	¥15,805	\$130,620
Future minimum lease payments.....	245	7,214	188	7,647	63,198
Portion due within one year.....				2,498	20,645

Lease payments for the years ended March 31, 1999, 1998 and 1997 were ¥1,330 million (\$10,992 thousand), ¥1,463 million and ¥1,434 million, respectively.

Finance leases, as lessor:	Millions of yen				Thousands of U.S. dollars
	Buildings and structures	Equipment and fixtures	Other	Total	Total
At March 31, 1999					
Lease properties, at cost.....	¥ 288	¥21,875	¥ 13	¥22,176	\$183,273
Lease properties, less accumulated depreciation	150	12,193	8	12,351	102,074

Future minimum lease payments to be received are ¥17,132 million (\$141,587 thousand) of which ¥5,184 million (\$42,843 thousand) is due within one year.

Lease payments received for the years ended March 31, 1999, 1998 and 1997 were ¥4,579 million (\$37,843 thousand), ¥4,347 million and ¥3,494 million, respectively.

As lessee under noncancelable operating leases, future minimum lease payments are ¥523 million (\$4,322 thousand) of which ¥287 million (\$2,372 thousand) is due within one year, while as lessor future minimum lease payments to be received are ¥5 million (\$41 thousand) of which ¥3 million (\$25 thousand) is due within one year.

13. SUBSEQUENT EVENT

On April 23, 1999 the Board of Directors approved a three year plan to greatly improve the financial condition and income structure of the Company through disposing of under-performing operating assets, fixed assets, and other investments and reducing personnel costs.

Report of Independent Public Accountants

To the Shareholders and
the Board of Directors of
Nissho Iwai Corporation :


We have audited the accompanying consolidated balance sheets of Nissho Iwai Corporation (a Japanese corporation) and subsidiaries as of March 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 1999, expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards 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 consolidated financial position of Nissho Iwai Corporation and subsidiaries as of March 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 1999 in conformity with accounting principles generally accepted in Japan applied on a consistent basis.

Also, in our opinion, the U.S. dollar amounts in the accompanying consolidated financial statements have been translated from Japanese yen on the basis set forth in Note 1.

As referred to in Note 13 on April 23, 1999, the Board of Directors approved a three year plan to improve the financial condition and income structure of the Company.

Osaka, Japan
June 29, 1999



Asahi & Co.
(Member Firm of Andersen Worldwide SC)

Statement on Accounting Principles and Auditing Standards

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying financial statements are prepared based on accounting principles generally accepted in Japan, and the auditing standards and their application in practice are those generally accepted in Japan. Accordingly, the accompanying financial statements and the auditors' report presented above are for users familiar with Japanese accounting principles, auditing standards and their application in practice.

■ **Domestic Offices: 33**

(As of July 1, 1999)

■ **Overseas Offices: 142**

(As of July 1, 1999)

■ **Domestic Subsidiaries and Affiliates: 283**

(As of March 31, 1999)

■ **Overseas Subsidiaries and Affiliates: 335**

(As of March 31, 1999)

M **Metals Group: 57**

M
I **Machinery & Information Industries Group: 50**

E
C **Energy & Chemicals Group: 61**

C **Consumer Products Group: 80**

O **Others: 35**

M **Metals Group: 64**

M
I **Machinery & Information Industries Group: 95**

E
C **Energy & Chemicals Group: 36**

C **Consumer Products Group: 67**

O **Others: 73**

OFFICES

JAPAN

HEAD OFFICES:

OSAKA
TOKYO

OTHER OFFICES:

NAGOYA (AICHI PREF.)
KYUSHU (FUKUOKA PREF.)
HOKKAIDO (HOKKAIDO PREF.)
CHUGOKU (HIROSHIMA PREF.)

CHIBA (CHIBA PREF.)
CHITA (AICHI PREF.)
FUKUI (FUKUI PREF.)
HAKODATE (HOKKAIDO PREF.)
HAMAMATSU (SHIZUOKA PREF.)
HIMEJI (HYOGO PREF.)
HOKURIKU (TOYAMA PREF.)
HOKKO (OSAKA PREF.)
KAKOGAWA (HYOGO PREF.)
KAMAISHI (IWATE PREF.)
KIMITSU (CHIBA PREF.)

KITA-KYUSHU (FUKUOKA PREF.)
KOBE (HYOGO PREF.)
MATSUYAMA (EHIME PREF.)
MIZUSHIMA (OKAYAMA PREF.)
MURORAN (HOKKAIDO PREF.)
NAGANO (NAGANO PREF.)
NAGASAKI (NAGASAKI PREF.)
NAHA (OKINAWA PREF.)
NIIGATA (NIIGATA PREF.)
OITA (OITA PREF.)
OKAYAMA (OKAYAMA PREF.)
SHIZUOKA (SHIZUOKA PREF.)
TAKAMATSU (KAGAWA PREF.)
TOHOKU (MIYAGI PREF.)
TOKUYAMA (YAMAGUCHI PREF.)
UBE (YAMAGUCHI PREF.)

AMERICAS**CANADA**

NISSHO IWAI CANADA LTD.
TORONTO / VANCOUVER / INGERSOLL

U. S. A.

NISSHO IWAI AMERICAN CORPORATION
NEW YORK / CHARLOTTE / WASHINGTON /
ATLANTA / DETROIT / CLEVELAND /
NASHVILLE / CHICAGO / HOUSTON / LOS
ANGELES / SILICON VALLEY / PORTLAND /
BELLEVUE / SEATTLE

MEXICO

NISSHO IWAI MEXICANA S.A. DE C.V.
MEXICO CITY / MONTERREY /
AGUASCALIENTES

PANAMA

NISSHO IWAI PANAMA INTERNATIONAL S.A.
PANAMA

*NISSHO IWAI DE CENTROAMERICA Y EL
CARIBE, S.A.*
PANAMA

GUATEMALA

*NISSHO IWAI DE CENTROAMERICA Y EL
CARIBE, S.A.*
GUATEMALA / SAN JOSE

COLOMBIA

NISSHO IWAI DE COLOMBIA S.A.
BOGOTA

VENEZUELA

NISSHO IWAI DE VENEZUELA C.A.
CARACAS

ECUADOR

NIC DEL ECUADOR S.A.
QUITO

PERU

NISSHO IWAI DEL PERU S.A.
LIMA

BRAZIL

NISSHO IWAI DO BRASIL S.A.
SÃO PAULO / RIO DE JANEIRO

ARGENTINE

NISSHO IWAI (ARGENTINA) S.A.
BUENOS AIRES

CHILE

NISSHO IWAI (CHILE) LTDA.
SANTIAGO

CUBA

HABANA

EUROPE AND AFRICA**U.K.**

NISSHO IWAI EUROPE PLC
LONDON / ABERDEEN

NORWAY

NISSHO IWAI EUROPE PLC
OSLO

GERMANY

NISSHO IWAI DEUTSCHLAND GMBH
DÜSSELDORF / HAMBURG

FINLAND

NISSHO IWAI DEUTSCHLAND GMBH
HELSINKI

BELGIUM

N.V. NISSHO IWAI (BENELUX) S.A.
BRUSSELS

FRANCE

NISSHO IWAI FRANCE S.A.
PARIS

ITALY

NISSHO IWAI ITALIA S.P.A.
MILANO

SPAIN

NISSHO IWAI IBERIA S.A.
MADRID

PORTUGAL

NISSHO IWAI IBERIA S.A.
LISBON

GREECE

PIRAEUS

AUSTRIA

NISSHO IWAI EUROPE PLC
WIEN

ROMANIA

NISSHO IWAI EUROPE PLC
BUCHAREST

POLAND

WARSZAWA

HUNGARY

BUDAPEST

ALGERIA

NISSHO IWAI FRANCE S.A.
ALGER

SOUTH AFRICA

JOHANNESBURG

ZIMBABWE

HARARE

ZAIRE

KINSHASA

ANGOLA

LUANDA

NIGERIA

NISSHO IWAI (NIGERIA) LTD.
LAGOS

COTE D'IVOIRE

ABIDJAN

KENYA

NAIROBI

MIDDLE EAST, RUSSIA, ASIA AND OCEANIA**SAUDI ARABIA**

RIYADH
AL-KHOBAR

YEMEN

SANAA

QATAR

DOHA

U.A.E.

ABU DHABI
DUBAI

OMAN

MUSCAT

IRAQ

BAGHDAD

JORDAN

AMMAN

EGYPT

CAIRO

IRAN

NISSHO IWAI CORPORATION, (IRAN) LTD.
TEHERAN

TURKEY

ISTANBUL
ANKARA

ISRAEL

TEL-AVIV

UZBEKISTAN

TASHKENT

AZERBAIDJAN

BAKU

KAZAKHSTAN

ALMATY

RUSSIA

MOSCOW
KHABAROVSK

UKRAINE

KIEV

MONGOLIA

ULAANBAATAR

INDIA

NEW DELHI
BOMBAY
PUNE
CALCUTTA
JAMSHEDPUR
MADRAS
BANGALORE

BANGLADESH

DHAKA
CHITTAGONG

PAKISTAN

KARACHI
ISLAMABAD

THAILAND

*NISSHO IWAI (THAILAND) LIMITED
PARTNERSHIP*
BANGKOK

THAI SUNROCK COMPANY LTD.
BANGKOK

MYANMAR

YANGON

VIETNAM

HANOI
HO CHI MINH CITY
DANANG
VUNG TAU

LAOS

VIENTIANE

CAMBODIA

PHNOM PENH

MALAYSIA

KUALA LUMPUR
KOTA KINABALU
MIRI

SUNROCK (MALAYSIA) SENDIRIAN BERHAD
KUALA LUMPUR

SINGAPORE

SINGAPORE

*NISSHO IWAI INTERNATIONAL
(SINGAPORE) LTD.*
SINGAPORE

THE PHILIPPINES

PHILIPPINE

INDONESIA

JAKARTA
BANDUNG

*P. T. NISSHO IWAI INTERNATIONAL
INDONESIA*
JAKARTA

AUSTRALIA

NISSHO IWAI AUSTRALIA LIMITED
SYDNEY / WOOL DEPT. / MELBOURNE /
PERTH / BRISBANE

PAPUA NEW GUINEA

NISSHO IWAI AUSTRALIA LIMITED
PORT MORESBY

NEW ZEALAND

NISSHO IWAI NEW ZEALAND LIMITED
AUCKLAND

KOREA

SEOUL
BUSAN
POHANG
KWANG-YANG

NISSHO IWAI KOREA CORPORATION
SEOUL

TAIWAN

TAIPEI

*NISSHO IWAI TAIWAN CORPORATION
LIMITED*
TAIPEI / KAOHSIUNG

CHINA

BELJING
TIANJIN
QINGDAO
KUNMING
WUHAN
DALIAN
SHANGHAI
GUANGZHOU
NANJING
CHONGQING

NISSHO IWAI (CHINA) CO., LTD.
BEIJING

NISSHO IWAI (SHANGHAI) CORPORATION
SHANGHAI

*NISSHO IWAI CORPORATION
(DALIAN) LTD.*
DALIAN

NISSHO IWAI (GUANGZHOU) CORPORATION
GUANGZHOU

NISSHO IWAI (TIANJIN) CORPORATION
TIANJIN

NISSHO IWAI (QINGDAO) CORPORATION
QINGDAO

*NISSHO IWAI HONG KONG CORPORATION
LIMITED*
HONG KONG / SHENZHEN / XIAMEN

MAJOR SUBSIDIARIES AND AFFILIATES

JAPAN

<p>M NI-METAL CO., LTD. <i>Delivery service operations</i></p> <p>ARIAKE STEEL CENTER CO., LTD. <i>Steel sheet and bar processing and warehousing</i></p> <p>SUZUYASU CORP. <i>Steel product sales</i></p> <p>NISSHO IWAI STEEL LEASING CO., LTD. <i>Construction material leasing</i></p> <p>KOMATSUGAWA KOKI K.K. <i>Light-gauge steel rolling</i></p> <p>WATAEI STEEL CO., LTD. <i>Steel product sales</i></p> <p>NISSHO IWAI STRUCTURAL STEEL CO., LTD. <i>Structural steel sales</i></p> <p>SHINKO KOHAN KAKO, LTD. <i>Steel service center</i></p> <p>CANOX CORP. <i>Steel product sales</i></p> <p>AIKI TEKKO HANBAI CO., LTD. <i>Steel product sales</i></p> <p>NI STEEL PRODUCTS CO., LTD. <i>Steel product wholesaling</i></p> <p>NI ALLOY STEEL CO., LTD. <i>Processing and sale of special steel sheet</i></p> <p>NI STAINLESS CENTER CO., LTD. <i>Processing and sale of stainless steel sheet</i></p> <p>TTC CO., LTD. <i>Manufacture and sale of screws and bolts</i></p> <p>TOPURA CO., LTD. <i>Manufacture and sale of screws and bolts</i></p> <p>KONDO STEEL WIRE CO., LTD. <i>Manufacture of parts for industrial chains</i></p> <p>O. F. INDUSTRIAL CO., LTD. <i>Special processing of stainless steel sheet</i></p> <p>NI STEEL TRADE CO., LTD. <i>Export/import of steel products</i></p> <p>NISSHO IWAI BENTONITE CO., LTD. <i>Bentonite powder and Volclay panel sales</i></p> <p>NIK METAL CORP. <i>Steel product sales</i></p>	<p>M FUJISHO COMPANY LTD. <i>Stainless Scrap Dealer</i></p> <p>ASAMI STEEL SERVICE CORP. <i>Processing and sale of thin steel sheet</i></p> <p>CBMM ASIA CO., LTD. <i>Sale of niobium Products</i></p> <p>UNIVERSAL PRINT CORP. <i>Print processing for cans</i></p> <p>UNICON CO., LTD. <i>Pail can manufacturing</i></p> <p>WEST JAPAN STAINLESS STEEL WIRE CO., LTD. <i>Stainless steel wire manufacturing</i></p> <p>SUNROCK OYODO CO., LTD. <i>Wire product manufacturing</i></p> <p>TEIMO CO., LTD. <i>Wire gauge manufacturing</i></p> <p>IMARI STEEL CENTER CO., LTD. <i>Processing, sale and warehousing of steel</i></p> <p>KYOWA CORP. <i>Steel product sales</i></p> <p>ARAYA SPECIAL METAL CO., LTD. <i>Sale of steel pipes</i></p> <p>METAL ART CORP. <i>Steel forging</i></p> <p>SHINKO CORP. <i>Specialized trader of stainless steel</i></p> <p>NISSHO IWAI METAL & PRODUCT CORP. <i>Aluminum product sales and warehousing</i></p> <p>NISSHO IWAI NON-FERROUS METALS CORP. <i>Non-ferrous metals sales and rental</i></p> <p>NIHON SEIKO CO., LTD. <i>Antimony product manufacturing</i></p> <p>DAINIPPON FOIL INDUSTRIES CO., LTD. <i>Processing of food storage wrap</i></p> <p>ALTOWN CORP. <i>Sale and maintenance of automobiles</i></p> <p>NI STEEL SERVICE CORP. <i>Sale of steel products</i></p> <p>HAMAMATSU KOHAN KAKO CO., LTD. <i>Steel sheet shearing and slitting</i></p>	<p>M SHINSEI KOGYO CO., LTD. <i>Wire processing and sales</i></p> <p>KYUKO SANGYO K.K. <i>Processing and sale of steel and scrap metal</i></p> <p>KYUSHU STEEL CORP. <i>Steel bar manufacturing and sales</i></p> <p>NISSHO IWAI FUTURES INC. <i>Futures commission merchant</i></p> <p>THE ASTRAL CO., LTD. <i>Precious stone, pearl, and jewel wholesaling</i></p> <p>M NISSHO IWAI CHEMIMAC TOKYO CORP. <i>Chemical machinery sales</i></p> <p>RIETSCHLE NI, LTD. <i>Vacuum pump import and sales</i></p> <p>NITEC CORP. <i>Heavy machinery and industrial equipment sales</i></p> <p>NISSHO IWAI MECHATRONICS CORP. <i>Factory automation system and equipment, and humidified refrigerators sales</i></p> <p>SENDZIMIR JAPAN, LTD. <i>Sendzimir rolling mill manufacturing and sales</i></p> <p>NI CONSTRUCTION MACHINERY CORP. <i>Sales of construction machinery</i></p> <p>NISSHO IWAI TECMAC CORP. <i>Chemical machinery sales</i></p> <p>NISSHO IWAI INDUSTRIAL MACHINERY INC. <i>Industrial machinery sales</i></p> <p>FUJII WELDING CO., LTD. <i>Welding materials sales</i></p> <p>CHUBU NI MACHINERY CO., LTD. <i>Sale of industrial robots and machinery equipment</i></p> <p>N-I-T CO., LTD. <i>Sale of cutting tools and robot components</i></p> <p>CHUNICHI FASTENERS CO., LTD. <i>Fastener manufacturing</i></p> <p>N.I. EURO-MOTORS CO., LTD. <i>Sale of Porsche and Peugeot automobiles</i></p> <p>NISSHO IWAI MOTOR SALES CORP. <i>Automotive import and sales</i></p> <p>STERN NISHI IKEBUKURO CO., LTD. <i>Mercedes-Benz car sales</i></p>
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M I NICHIRIN CO., LTD.
Manufacture and sale of automobiles and industrial-use rubber hoses

KOKUSAI KISEN K.K.
Ship broker and agent

NIMAC CORP.
Marine and other machinery sales

NISSIN GAS ENGINEERING LTD.
Sale of gas reliquefying devices

NISSHO IWAI AEROSPACE CORP.
Aircraft and parts import and sales

MEDIA LIBRARY INC.
Information-provision services

ATLUX CORP.
Information data processing

SATELLITE NEWS CORP.
Distribution of BBC World Service TV channels in Japan

N.I. TELECOM CORP.
Sales promotion of portable telecommunication services

NISSHO ELECTRONICS CORP.
Computer sales, rental, and data processing computer systems integrator

NI HIGH-TECHNOLOGY INC.
Mechanical engineering and equipment sales

JAPAN SATELLITE SYSTEMS INC.
Satellite communications services

K.K. USS JAPAN
Consignment for auction of used automobiles

JAPAN SPACELINK CORP.
Satellite communication provider

KITA CABLE TV CO., LTD.
CATV service in north ward of Tokyo

TOSHIMA CABLE NETWORK CO., LTD.
CATV services

AKITA CABLE NETWORK CO., LTD.
CATV services

NIPPON OUTSOURCING CORP.
Outsourcing and temporary employment services

PAY PER VIEW JAPAN, INC.
Broadcasting

NISSHO IWAI INFOCOM CO., LTD.
Computer operations, software, and programming

E C NICHIGETSU GAS SETSUBI K.K.
LPG sales

NISSHO GAS SUPPLY CORP.
LPG sales

EHIME NISSHO PROPANE CO., LTD.
LPG sales

HOKURIKU NISSHO PROPANE CO., LTD.
LPG sales

KOCHI NISSHO PROPANE CORP.
LPG sales

KOKUYO SEKIYU CO., LTD.
Petroleum product sales

NISSHO IWAI GAS CORP.
LPG sales

NISSEI CORP.
LPG sales

NISSHO PROPANE SEKIYU CORP.
LPG and petroleum product sales

NISSHO IWAI LIQUEFIED PETROLEUM GAS CO., LTD.
LPG and petroleum product sales

NISSHO IWAI SYSTEM SALES CO., LTD.
Computer sales and software development for LPG

NISSHO KOYU CO., LTD.
Petroleum product sales

NISSHO IWAI PETROLEUM CORP.
Petroleum product and LPG sales

NISSHO IWAI PETROLEUM GAS CORP.
LPG import and sales

MIE NISSHO GAS CO., LTD.
LPG sales

TOKYO YUSO CORP.
Warehousing and tank leasing

NARA NISSHO PROPANE GAS CO., LTD.
LPG sales

K.K. N.I. AUTO SERVICE
Petroleum product sales and automobile maintenance

HIROSHIMA LP GAS TERMINAL CO., LTD.
LPG sales

HONMA NENRYO CORP.
LPG sales

E C NAGANO PROPANE GAS CO., LTD.
LPG sales

YOKKAICHI LPG TERMINAL CO., LTD.
LPG warehouse manager

JAPAN ENERGY SERVICE CORP.
Representative for LNG import

NUSANTARA GAS SERVICES CO., INC.
LNG import and sales

PACIFIC GAS CARRIERS CO., LTD.
Ship leasing and operation

TRANSNUCLEAR, LTD.
Transport of radioactive materials

MIE GAS TERMINAL CO., LTD.
LPG Sales

TOKAI NISSHO GAS CO., LTD.
LPG Sales

YAHATA CONCRETE CO., LTD.
Manufacture and sale of ready-mixed concrete

NISSHO IWAI CEMENT CORP.
Wholesaling of cement, ready-mixed concrete, and other building materials

VERMITECH CORP.
Vermiculite processing

YAHATA READY MIXED CONCRETE CO., LTD.
Manufacture and sale of ready-mixed concrete

NISSHO IWAI CERAMICS CORP.
Refractory raw material and nonmetallic mineral sales

NIPPON MONIER CO., LTD.
Manufacture and sale of roofing materials

HOKKO CHEMICAL CO., LTD.
Manufacture and sale of thinner; storage and transport of chemicals

TAIYO CHEMICAL INDUSTRY CO., LTD.
Vinyl chloride film manufacturing and sales

SAMBOW PLASTICS CO., LTD.
Vinyl chloride product manufacturing and sales

TAIHO FILM MANUFACTURING CO., LTD.
Manufacture and sale of polyethylene film

NISSHO IWAI CHEMICAL LTD.
Chemical product sales

C NI CHEMICAL CORP.
Transport and leasing of tanks for chemical and petroleum products

NISSHO IWAI PLASTIC CORP.
Plastic product sales

TOHTO FUJIKURA SALES CO., LTD.
Vinyl chloride and synthetic resin film sales

TAKAFUJI CHEMICALS CO., LTD.
Vinyl chloride sheet and synthetic rubber products manufacturing

NI TECHNOPLAS CO., LTD.
Coloring and processing of ABS synthetic resin

TAKAICHI CO., LTD.
Polyethylene film manufacturing

UBE FILM, LTD.
Synthetic resin product manufacture and sales

DAIDO SHOKO CO., LTD.
Manufacture and sale of molded paper products

FUJI KAKO CO., LTD.
Plastic pipe manufacturing and sales

JAPAN WAVELOCK CO., LTD.
Plastics and textiles processing

MOPACK CO., LTD.
Manufacture and sale of synthetic resin

DAIICHI KASEI CO., LTD.
Precision molding and assembly

IKKA KOSAN CO., LTD.
Sale of materials for plastic injector moldings

ICHIKOH INTERNATIONAL CO., LTD.
Synthetic resin material sales

TAFUNIC CO., LTD.
Manufacture and sale of agricultural film

DENKAN CO., LTD.
Concrete manufacturing and sales

TAKAFUJI TECHNO SPACE CO., LTD.
Strip-door designing, constructing and processing

C NISSHO IWAI BUILDING MATERIALS CORP.
Wholesaling of building materials

NI LUMBER CO., LTD.
Processing and wholesaling of lumber

HIRATORI YOSHIMOTO CO., LTD.
Lumber processing

C FUKUSHIMA YOSHIMOTO CO., LTD.
Housing material sales

NICHIWA CORP.
Wholesaling of logs

NI HOUSING MATERIAL CO., LTD.
Housing material sales

NIPPON CROWN HOUSE CO., LTD.
Sale of wood-frame housing construction materials

NIKKEN HOME CO., LTD.
Construction works

SUZUKEN CORP.
Processing and wholesaling of lumber and housing materials

K.K. TSURUGAKO MOKUZAI RYUTSU CENTER
Lumber processing

YOSHIMOTO RINGYO CO., LTD.
Processing and wholesaling of lumber and housing materials

JUMBO PANEL CORP.
Construction material sales

TOKACHI YOSHIMOTO CO., LTD.
Manufacture and sale of logs, packing materials and woodchips

YOSHIMOTO PRE-CUT CENTER CO., LTD.
Processing of lumber

TORIN CO., LTD.
Wholesaling of logs and housing materials

NCN CO., LTD.
Construction contracting for three-story wood-construction homes

TAKEHARA KOGYO CO., LTD.
Processing of lumber; manufacture and sale of particleboard

AISAN LUMBER CO., LTD.
Sale of lumber

KOHOKU VENEER CO., LTD.
Manufacture of plywood

OKAMURA SANKO CO., LTD.
Lumber and sale of building materials

NI PROMOTION CORP.
Consignment for marketing and promotion of sporting goods

C NISSHO IWAI PAPER AND PULP CORP.
Import/export and wholesaling of paper and pulp

BEISEI INC.
Import tobacco leaf

NISSHO IWAI GENERAL MERCHANDISE CORP.
Import and wholesaling of cigarettes, shotguns and general merchandise

NI TOBACCO CORP.
Sales promotion of imported tobacco

NISSHO IWAI TEXTILE CO., LTD.
Finished textile goods sales

NISSHO IWAI APPAREL CO., LTD.
Garment manufacturing

NAPS CO., LTD.
Clothing testing, repairing and finishing

NISSHO IWAI TEXTILE MATERIALS CORP.
Import, export and domestic sales of textile materials

MARU HOME TEXTILE LTD.
Sale of beds and bedclothes

GEM CO., LTD.
Manufacture and wholesale and retail sale of men's apparel

CENTURY-YELL INC.
Wholesaler for men's suits

GEM SEWING CO., LTD.
Men's apparel manufacturer

CENTURY TECHNO CORE CO., LTD.
Tailor-made men's apparel manufacturer

THE CHUO WOOLEN MILLS, LTD.
Wool spinning and weaving

PANDORA CO., LTD.
Sale of dress and ornaments

NEW NOZAWA FOOD CORP.
Wholesale, polish and sale of rice

NISSHO IWAI DELICA CORP.
Wholesaling of meat and prepared foods

CITY FOODS INC.
Sale of meat and processed meat products

SAITAMA SHIMADAYA CORP.
Manufacture and sale of noodles

C SEASON & CO., LTD.
Management of Korean barbecue restaurants

SHIN-MEITO CO., LTD.
Sugar refining

SEAFESTA CORP.
Sale of marine products for the domestic market

NISSHO IWAI FOODS CORP.
Wholesaling of sugar and foodstuff

K.K. GR SYSTEM
Warehousing

NIKKO SHOKAI CO., LTD.
Import and wholesaling of food products

FUJI SEITO CO., LTD.
Sugar refining

FIRST OCEAN CO., LTD.
Import sale of marine products

K.K. NIF
Sale of processed foods

NSC LOGISTICS CO., LTD.
Logistics

NIKKYO TRANSPORTATION AND WAREHOUSING CO., LTD.
Transportation and warehousing

NI LOGISTICS CORP.
International and domestic transportation services

BRINK'S JAPAN LTD.
Transportation of valuables

NI HOME CORP.
Private housing construction and development

NISSHO IWAI HOUSING CORP.
Realtor; sales of private housing

NI COMMUNITY CORP.
General maintenance of buildings and condominiums

SUNROCK DEVELOPMENT INC.
Hotel management and real estate development

NISSHO IWAI REAL ESTATE CORP.
Real estate development, sales, and brokerage

TAKARAZUKA KAIHATSU CO., LTD.
Condominium development and sales

G.L.G. CORP.
Manager of golf practice ranges

C YAMAGATA NEW CITY DEVELOPMENT CORP.
Real estate development and sales

NISSHO IWAI INSURANCE AGENCY CORP.
Insurance agency

SUNROCK INSURANCE AGENCY CORP.
Insurance agency

O NISSHO IWAI HOKKAIDO CORP.
Wholesaling

NISSHO IWAI TOHOKU CORP.
Wholesaling

NISSHO IWAI HIGASHINIHON CORP.
Wholesaling

NISSHO IWAI NISHINIHON CORP.
Wholesaling

NISSHO IWAI SHIKOKU CORP.
Wholesaling

NISSHO IWAI KYUSHU CORP.
Wholesaling

KUSHIRO FUJISHO CO., LTD.
Temporary scaffolding equipment rental

NI-OVICO CORP.
Sale and leasing of steel

NI-FUJIX CO., LTD.
Sale of building materials and leasing of temporary construction materials

NI-KATAWAKU CO., LTD.
Manufacture and sale of steel frameworks

ENSAI KOGYO K.K.
Sale and extraction of gravel

KYODO NAMA CONCRETE CO., LTD.
Manufacture and sale of ready-mixed concrete

FUKUOKA HEAT SUPPLY CO., LTD.
Supply and sale of heat for regional air-conditioning and hot water boilers

OKINAWA IGETO CO., LTD.
Construction material sales

F R C INC.
Real estate rental management operations

TOYO METAL SERVICE CORP.
Sale of raw materials for steel mills

ARIAKE OIL TERMINAL CO., LTD.
Dealing, warehousing and shipping of petroleum products

O NISHIMOTO SANGYO CORP.
Steel product sales

SANPUKU SHOJI CO., LTD.
Wholesaling of construction materials

P.O.V. ASSOCIATES INC.
Advertising agency

NI PERSONNEL CORP.
Temporary employment services

WORLD LEASING CORP.
Leasing

NI SERVICE CORP.
Business support services

NI TOURIST CORP.
Travel agency

SUNROCK CHUBU CO., LTD.
Business support services

NISSHO IWAI SECURITIES CO., LTD.
Investment advisory business

AMERICAS

CANADA

M MONZEN STEEL INC.
Steel service centers

NISSHO IWAI COAL DEVELOPMENT (CANADA) LTD.
Coal mining

NISSHO IWAI MOLY RESOURCES, INC.
Molybdenum mining

NIFAST CANADA CORP.
Distributor of bolts, nuts and fasteners

O INGERSOLL MONZEN INC.
Warehouse service for autoparts

U.S.A.

M NIAC STEEL SALES, INC.
Distributor of steel pipes

CUYAHOGA STEEL & WIRE LLC
Manufacturing of cold finished bar and cold heading wire

ALLOY TOOL STEEL, INC.
Distributor and processor of alloy steel

KOSHUHA SPECIALTY STEEL INC.
Distributor of specialty steel

M BERWICK STEEL COMPANY
Steel service center

N-I ENERGY DEVELOPMENT, INC.
Pipe and tube import and sales

NIFAST CORP.
Fastener sales

MARUICHI AMERICAN CORP.
Steel pipe manufacturing and sales

TWN FASTENER INC.
Construction and industrial fastener manufacturing and sales

SANSHIN INDUSTRIAL (USA) CORP.
Manufacture of press products for use in FD

STRATEGIC MINERALS CORP.
Vanadium production and sales

NI METAL PRODUCTS, INC.
Distributor of air conditioner tubes and parts

STAMFORD CAPITAL MANAGEMENT, INC.
Advisory services for commodity trading

M I MAZAK NISSHO IWAI CORP.
Distributor of laser cutting machines

METAL PROCESSING SYSTEMS, INC.
Import and sale of metal processing machines

OAC INC.
Sales of ultraviolet exposure equipment and related parts

N.I. MOTORS U.S.A., INC.
Holding company of automobile dealers

NICHIRIN-FLEX U.S.A., INC.
Automobile hose manufacturing

NIMAC AMERICA, INC.
Sale of marine equipment

ASANO AMERICA, INC.
Sales of transmission gears and related products

NISSHO IWAI AEROSPACE (AMERICA) CORP.
Import and export of aircraft and related parts

N.I. HIGH TECH AMERICA, INC.
Research and fact-finding in computer software

NISSHO ELECTRONICS (U.S.A.) CORP.
Import/export of electronic machinery

AIRSHIP MANAGEMENT SERVICES, INC.
Operation of Fuji Film airship

E C BLNG INC.
LNG tanker navigation management

NATIONAL PIPE & PLASTICS, INC.
PVC pipe manufacturing and sales

IKKA TECHNOLOGY INC.
Manufacturing and sales of plastic parts and components

C NISSHO IWAI TEXTILE (U.S.A.), INC.
Wholesale of textiles

AUTRANS CORP.
Transportation and distribution of auto parts

PASCO SALES INC.
Sale of bakery products

SPECIALTY GRAINS, INC.
Production of special corn and soybeans for use in Japan

NI HAWAII RESORT, INC.
Hotel investment

O N.I. INVESTMENT USA INC.
Investment business

NISCO STEEL SERVICES, INC.
Steel service center

FEDERATED FINANCIAL RESERVE CORP.
FEDERATED CAPITAL CORP.
Vendor leasing

SUNROCK CAPITAL CORP.
Asset-based leasing

SUNROCK RISK SERVICES CORP.
Specialized insurance agent

TACT ASSET MANAGEMENT, INC.
Private investment advisor

RICHARD LEWIS COMMUNICATIONS, INC.
Public relations, advertising & marketing service agency

N.I. LOGISTICS AMERICAN CORP.
Global logistics including international and domestic transportation to third parties

SUNROCK INSURANCE BROKERS (U.S.A.) INC.
Insurance broker and consultant

CAYMAN ISLANDS

E C INDONESIA NATURAL GAS RESOURCES MUTURI, INC.
Exploration, development, production and sale of oil and natural gas

MEXICO

M SANSHIN DE MEXICO S.A. DE C.V.
Manufacture and sale of parts for metal presses

NICOMETAL MEXICANA, S.A. DE C.V.
Process and sale of steel sheet

SANOH INDUSTRIAL DE MEXICO S.A. DE C.V.
Brake-tube manufacturing

E C CORPORACION PIPSA S.A. DE C.V.
Manufacturing and sales of lead-bearing chemicals

GUATEMALA

O PILONCITO VERDE S.A.
Production of vegetable plugs

VENEZUELA

M I MMC AUTOMOTRIZ, S.A.
Mitsubishi auto assembly and sales

BRAZIL

C OMI-ZILLO-LORENZETTI S.A. INDUSTRIA TEXTIL
Cotton yarn spinning

CHILE

M I AUTOMOTORIZ PROTON S.A.
Import and sales of Proton cars

EUROPE AND AFRICA

U.K.

C AUTRANS EUROPE LTD.
Automobile parts distribution

O NI TUBULARS (UK) LTD.
Sale of pipes

NISSHO IWAI INTERNATIONAL FINANCE PLC.
Financial services

NORWAY

O I O S TUBULAR MANAGEMENT AS
Oil well pipe handling

GERMANY

M I ORC MANUFACTURING VERTRIEBS GMBH
Ultraviolet exposure equipment sales

BELGIUM

M I MAZAK NISSHO IWAI EUROPE N.V./S.A.
Laser cutting machine sales

IRELAND

M I SUNROCK AIRCRAFT CORPORATION LTD.
Aircraft operating leasing

NETHERLANDS

C E TEIJIN KASEI EUROPE B.V.
Storage, repacking and shipping of polycarbonate plastic

FRANCE

M NISSHIN FRANCE S.A.
Stockholder and management company of Le Nikkel Corporation

PORTUGAL

C E NEMOTO PORTUGAL-QUIMICA FINA, LTDA.
Nonorganic fluorescent pigment manufacturing and sales

SPAIN

M I KIA MOTOR ESPANA, S.A.
Distribution of Kia automobiles

M I NISSHO MOTOR ESPANA S.A.
Wholesaling of Indian-made automobiles

POLAND

M I TOYOTA MOTOR POLAND CO., LTD.
Toyota automobile and parts sales

ROMANIA

M I TOYO MOTOR S.R.L.
Distribution of Toyota automobiles

CZECH

M NIKOM A.S.
Ferrovandium production and sales

LIBERIA

C E MOL-NIC TRANSPORT LTD.
Investment company for LNG transport

SOUTH AFRICA

M NSA METALS (PROPRIETARY) LTD.
Finance company; sale of ferrochrome

MIDDLE EAST, RUSSIA, ASIA AND OCEANIA

RUSSIA

M I VOSTOK TELECOM CO., LTD.
International telecommunication services

THAILAND

M NI STEEL SALES (THAILAND) CO., LTD.
Sale of steel products

M KITZ (THAILAND) LTD.
Valve manufacturing and sales

M I ASIAN TRADE & LEASING CO., LTD.
Multifinance services

M I GN LEASING CO., LTD.
Sale of automobiles by installment; dealer financing

C E THAI CENTRAL CHEMICAL PUBLIC CO., LTD.
Fertilizer production and sales

M I THAI GCI RESITOP CO., LTD.
Phenol resin manufacturing and sales

M I MC INTERNATIONAL CHEMICALS CO., LTD.
Chemicals importing and sales

C SNB AGRIPRODUCTS LTD.
Crude rice bran oil production and sales

M I TSR DEVELOPMENT CO., LTD.
Real estate and trade

M I UNITED THAI LOGISTICS CO., LTD.
Transport and warehousing

VIETNAM

M VINANIC STEEL PROCESSING CO.
Cutting and processing of steel sheet

M VIETNAM JAPAN ALUMINIUM CO., LTD.
Aluminum extrusion products manufacturing and sales

M I VIETNAM SUZUKI CORP.
Suzuki automobile and motorcycle manufacturing and sales

C E JAPAN VIETNAM FERTILIZER CO.
Production and sale of compound fertilizer

M I PTN CHEMICALS CO., LTD.
Raw material of detergent alkyl-benzene sulfonic acid manufacturing and sales

C JAPAN PAPER TECHNOLOGY (VIETNAM) CO., LTD.
Manufacture and sale of paper bag products

M I VIETNAM-JAPAN CHIP CORP.
Afforestation and woodchip manufacture

M I THE LONG BINH DEVELOPMENT INDUSTRIAL ZONE JOINT VENTURE
Operational company of the LONG BINH industrial complex in Vietnam

MALAYSIA

M COLD PARTS (MALAYSIA) SDN., BHD.
Marketing and sales of OA/AV parts

M I NICOM STEEL CENTRE (MALAYSIA) SDN., BHD.
Steel coil and sheet processing and sales

M I SUNROCK STEEL CENTRE (MALAYSIA) SDN., BHD.
Steel coil and sheet processing and sales

M I KAWASAKI MOTORS HOLDING (MALAYSIA) SDN., BHD.
Holding company of Kawasaki Motorcycles manufacturing plant

M I MOTOSIKAL DAN ENJIN NACIONAL SDN., BHD.
Manufacture and sale of motorcycles

C SAMLING PLYWOOD (MIRI) SDN., BHD.
Plywood manufacturing

M I NIPPON HI PACK MALAYSIA SDN., BHD.
Pulp mold manufacturing and sales

SINGAPORE

M N-I TUBULAR INTERNATIONAL PTE., LTD.
Sale of steel pipes

M SINGAPORE ELECTRICAL STEEL SERVICES PTE, LTD.

Electrical steel processing and sales

NISSHIN INDUSTRY (SINGAPORE) PTE., LTD.

Copper tripod manufacturing

ASIA CABLE ENGINEERING CO., PTE., LTD.

Cable outfitting and connection operations

M I HOWA MACHINERY SINGAPORE PTE., LTD.

Import and sale of machine tools, and customer service

C M NISSHO IWAI PETROLEUM CO., (SINGAPORE) PTE., LTD.

Crude oil/oil products trading

C UNIMAX INSURANCE PTE., LTD.

Reinsurance underwriting

O NICO MARINE PTE., LTD.

Marine transport

NISSHU IWAI CAPITAL ASIA PTE., LTD.

Financial services

THE PHILIPPINES

M COIL TECH MANILA, INC.

Steel sheet processing center

M I AICHI FORGING COMPANY OF ASIA, INC.

Manufacture and sale of steel forging equipment

MITSUBISHI MOTORS PHILIPPINES CORP.

Mitsubishi auto import and assembly

C M AFC FERTILIZER AND CHEMICALS, INC.

Fertilizer production and sales

D.F.E. CHEMICAL CORP.

Chemical tanks

C AUTRANS PHILIPPINES CORP.

Warehousing and transport operations

INDONESIA

M P.T. IRON WIRE WORKS INDONESIA

Steel wire manufacturing

P.T. SESS INDONESIA

Steel stamping

P.T. NICORINDO BAJA

Steel sheet processing center for automobiles and consumer electronics

M P.T. INDONESIA STEEL TUBE WORKS LTD.

Steel tube manufacturing and sales

P.T. SHINTO LANCE INDONESIA

Lance pipe manufacturing and sales

M I P.T. MAHARAJA ARTHASTAR INDONESIA FINANCE

Multifinance services

P.T. ARTHACAKRA MULTI FINANCE

Automobile leasing

E C P.T. BERAU COAL

Coal mine development

P.T. KALTIM METHANOL INDUSTRI

Manufacture and sale of methanol

C P.T. MITRA MUTIARA WOODTECH

Wooden interior products manufacturing

P.T. NICO CENTRAL

Construction and management of office buildings

P.T. DEWATA WIBAWA

Operational body for condominium and housing lot development

AUSTRALIA

M CATHERINE HILL RESOURCES PTY., LTD.

Coal mining

WINNIN PTY., LTD.

Coal mining

WINVIEW PTY., LTD.

Coal mining

NISSHU IWAI ALUMINA PTY., LTD.

Refinement and sale of aluminum

KOBE ALUMINA ASSOCIATES (AUSTRALIA) PTY., LTD.

Alumina production

M I ANOGER AUTOMOBILES PTY., LTD.

Import and wholesale of commercial vehicles manufactured by TELCO of India

C M NISSHO IWAI MINERAL SANDS (AUSTRALIA) PTY., LTD.

Mineral resource development, production, and sales

NEW ZEALAND

C NISSHO ROBERTS (N.Z.) LTD.

Wool buying and export

PAPUA NEW GUINEA

C STETTIN BAY LUMBER CO., PTY., LTD.

Afforestation, logging, and timber saving

KOREA

M MASAN STEEL TUBE WORKS CO., LTD.

Steel pipe manufacturing and sales

E C N.I. AGROSCIENCE CORP.

Promotion control for pesticide sales

TAIWAN

C TNS LOGISTICS CORP.

Warehousing and logistics operations

CHINA

M SHUNDE HUARI STEEL COIL CENTER CO. LTD.

Steel service center

INTERNATIONAL (TIANJIN) TUBING CO., LTD.

Sale of steel products

SHANGHAI JIARI PRECISE STEEL SHEET PRODUCTS CO., LTD.

Processing and sales of steel plates

TIANJIN RIHUA STEEL PRODUCTS CO., LTD.

Processing and sales of steel plates

MID-CONTINENT TUBULAR LTD.

Sale of oil well pipe equipment

NIFAST (SHANGHAI) CO., LTD.

Secondary iron rod products

SHENZHEN AERO-FASTENERS MANUFACTURING CO., LTD.

Fastener manufacturing

KAWAMURA PRECISION MATERIAL (WUXI) CO., LTD.

Manufacture and sale of capillary tubing for refrigerators and air conditioners

WELLING STEEL TRADING CO., LTD.

Investment operations for development of mining in China

M I SHANGHAI GEZHOUBA-NI EQUIPMENT LEASING CORP.

Leasing operations

M NISSHO-ORIENT (SHANGHAI) MACHINERY
TECHNICAL CENTER CO., LTD.

*Maintenance service, technical application
engineering and sales of machine tools*

CHONGQIN CHANGAN-SUZUKI
AUTOMOTIVE CO., LTD.

Manufacture and sale of Suzuki automobiles

C DALIAN ZIAOYANG METALLURGICAL
MATERIALS CO., LTD.

Plant for test production of synthetic melt slag

YINGKOU QUNXING SILICON CARBIDE CO.,
LTD.

Pulverization of silicon carbide ceramic

FANGCHENG GANG YUNYAN PHOSPHATE
CO., LTD.

*Pulverization, drying, and exporting of phosphate
rock from Yunyan Province*

SHANGHAI NEW WAKO PRECISION
PLASTICS CO., LTD.

Precision mold injectors for plastics

SHANGHAI TOYO PLASTIC COLORANTS
CO., LTD.

*Coloring and processing of synthetic resin;
production of compounds*

TIANJIN BINHAI CHEMICAL STORAGE &
TRANSPORTATION CO., LTD.

Bulk chemical tank leasing

TIANJIN SUNSHINE PLASTICS CO., LTD.

BOPP film manufacturing and sales

C WANTONG INTERNATIONAL LOGISTICS
CO., LTD.

Warehousing and logistics

HI-PACK (HK) LTD.

Sale of packing materials

FASHION FORCE (HONG KONG) LTD.

Fabric sales

WAN QUAN MANSION JOINT VENTURE CO.,
LTD.

Apartment leasing

ACTIVA LTD.

Warehouse leasing

GENRIGHT INVESTMENT LTD.

*Development of a warehouse building in the Sha
Tin district of Hong Kong*

SUNROCK INTERNATIONAL CO., LTD.

Insurance broker

DIRECTORS AND AUDITORS

(As of July 1, 1999)



(back, from left) Tokuichi Yamaguchi, Kunio Morikiyo, Masanobu Kondo, Kosaku Nakatani, Tomoyoshi Kondo, Susumu Tsuchida, Ryuji Hori
(front, from left) Kazuo Inohara, Shiro Yasutake, Takayuki Mabuchi

PRESIDENT AND CEO

Shiro Yasutake

VICE PRESIDENT

Kazuo Inohara *Metals Group*

SENIOR MANAGING DIRECTORS

Takayuki Mabuchi *Machinery & Information Industries Group*

Kosaku Nakatani *Corporate Administration Group 1; General Manager, Corporate Planning & Personnel Division*

Masanobu Kondo *Corporate Administration Group 2; General Manager, Finance Division*

Tomoyoshi Kondo *Consumer Products Group*

Kunio Morikiyo *Energy & Chemicals Group*

Susumu Tsuchida *Business Process Re-Engineering Division and Investment Assessment Office, Corporate Administration Group 2*

Tokuichi Yamaguchi *Information Strategy Division, Corporate Administration Group 1*

DIRECTOR

Ryuji Hori *President Office; General Manager, Administration Division*

CORPORATE AUDITORS

Masayoshi Honma

Keiji Hori

Masaji Shinagawa

Toshiji Nakajima

EXECUTIVE OFFICERS

(As of July 1, 1999)

SENIOR MANAGING EXECUTIVE OFFICER

Yoshishige Aikei *The Americas; President of Nissho Iwai American Corporation and Nissho Iwai Canada Ltd.*

MANAGING EXECUTIVE OFFICERS

Takaharu Tanabe *General Manager, Energy Division*

Sukeyoshi Watanabe *Assistant to Machinery & Information Industries Group*

Masashi Mizutani *Assistant to Metals Group; General Manager, Steel Products Division*

Hidetoshi Nishimura *General Manager for China*

Toma Masaoka *Europe & Africa; President of Nissho Iwai Europe Plc*

Shinpachi Hasegawa *General Manager, Nagoya Branch*

EXECUTIVE OFFICERS

Kunio Yoshizawa *General Manager, Wire Rod & Specialty Steel Division*

Kunihide Izumi *General Manager, Aerospace Division*

Katsunori Kawamoto *President of World Leasing Corp.*

Shoji Igarashi *General Manager, Non-Ferrous Metal Division*

Mitsushi Kishimoto *General Manager, Housing Materials & General Merchandise Division*

Sekio Hara *General Manager, Energy & Chemical Project Division*

Yoshitaka Matsuno *General Manager for South-East Asia; Chairman of Nissho Iwai International (Singapore) Ltd.*

Makoto Sunagawa *General Manager, Business Process Re-Engineering Division; Project Planning & Promotion Office*

Hiroaki Morohoshi *General Manager, Logistics & Insurance Division*

Teruo Matsumura *General Manager, Foods Division*

Shintaro Hirata *General Manager, Information Business Division*

Akio Toshikiyo *Osaka Head Office; General Manager, Textile Division*

Hiroshi Hamano *General Manager, Chemicals Division*

Akitoshi Ueno *General Manager, Construction & Urban Development Division*

Kazuo Sekikawa *General Manager, Industrial System Division*

C O R P O R A T E O R G A N I Z A T I O N



SHAREHOLDERS' GUIDE

The ownership and distribution of shares as of March 31, 1999, was as follows:

	Number of shares owned (thousands)	Percentage of total shares outstanding
Financial institutions	435,446	49.80%
Corporations	156,880	17.94
Individuals and others	235,914	26.98
Securities companies.....	10,993	1.26
Foreign corporations and individuals.....	35,199	4.02
Total.....	874,432	100.00%
Business term ends:	March 31	
General meeting of shareholders held:	June	
Newspaper in which public notice is made:	<i>The Nihon Keizai Shimbun</i> published in Osaka	
Share transfer agents:	The Toyo Trust & Banking Co., Ltd. Osaka Branch, Stock Transfer Department, 6-3, Fushimi-cho 3-chome, Chuo-ku, Osaka	
Agents' offices:	Head offices and branch offices of the Toyo Trust & Banking Co., Ltd., and the Nomura Securities Co., Ltd.	

Common Stock Price Range

	(Tokyo Stock Exchange)	
	High	Low
1997		
January–March	466	370
April–June.....	520	381
July–September	522	411
October–December.....	464	205
1998		
January–March	398	215
April–June.....	335	219
July–September	260	88
October–December.....	119	72
1999		
January–March	115	77

Corporate Data

(As of July 1, 1999)

Established:	February 8, 1928
Headquarters:	Tokyo: 4-5, Akasaka 2-chome, Minato-ku, Tokyo 107-8655 Tel. (03) 3588-2111 Osaka: 5-8, Imabashi 2-chome, Chuo-ku, Osaka 541-8558 Tel. (06) 6209-2111
Number of employees:	Japanese: 3,743 Foreign nationals: 2,017*
Number of offices:	Domestic: 33 Overseas: 142

*Foreign Nationals figure only is as of March 31, 1999.

Additional copies of this annual report and other publications are available upon request from the Public Relations Dept., Nissho Iwai Corporation, 4-5, Akasaka 2-chome, Minato-ku, Tokyo 107-8655, Japan
Tel: (03) 3588-4017
Home page: <http://www.nisshoiwai.co.jp/>

