NISSHO IWAI

Annual Report 2002

Year ended March 31, 2002

Financial Highlights

Nissho Iwai Corporation and Consolidated Subsidiaries

	2002	2001	2000	2002
	Millions of yen			Thousands of U.S. dollars
For the years ended March 31:				
Total trading transactions	¥5,464,524	¥6,474,402	¥7,281,304	$41,086,647
Gross trading profit	265,824	287,731	267,719	1,998,677
Operating income	49,460	62,253	49,088	371,880
Net income	1,183	20,041	10,220	8,895
As of March 31:				
Total assets	¥2,957,578	¥3,613,977	¥4,078,286	$22,237,429
Shareholders' equity	106,728	120,276	182,446	802,467
	Yen			U.S. cents
Per share amounts:				
Net income	¥1.35	¥22.92	¥11.69	1.02¢

Note: Yen amounts have been translated for convenience only, at ¥133=US$1.

Forward-Looking Statements

All forward-looking information in this annual report is subject to risks and uncertainties that could cause actual results to differ materially from this information, which is based on assumptions and beliefs in light of the information currently available to the management.

On the Cover

Nissho Iwai Group puts an emphasis on overseas operations. Our international staff provides services throughout the world.

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To Our Shareholders and Friends

Think Beyond, Look Beyond

Today, more than 100 years after the Company's founding, Nissho Iwai continuously seeks improvement and strives to create new businesses, responding to the needs of the 21st century and to constantly changing market conditions. The driving force behind the Company's ability to progress is the will, intelligence, and energy of each employee, applied to the expansion of Nissho Iwai's corporate value.

The operations of a *sogo shosha* include trade-the creation of trading businesses-and business investment activities.

In both these areas, Nissho Iwai's Think Beyond, Look Beyond philosophy is not meant to be only an image. By challenging each employee to think more deeply, more quickly, and further ahead, we are able to provide innovative functions and services that our clients recognize as valuable, while increasing business value and shareholder value.

The Continued Evolution of Nissho Iwai

Our Medium-Term Management Plan 2002, which was completed in the fiscal year under review, centered on the selection of the key businesses for our future and the concentration of business resources in those fields.

By focusing on our future, the Company has received significant benefits from increasing the efficiency of its operations. As a result, assets have been reduced by ¥1,700 billion (US$12.8 billion). The debt to equity ratio and profit ratios also have improved.

In fiscal 2003, the first year of our Medium-Term Management Plan 2005, we will place primary emphasis on maximizing profitability. Together with the creation of a higher-added-value business model, Nissho Iwai plans to employ cutting-edge IT and financial technology to expand the volume and profitability of its business.

The improvement of profitability will bring a stronger financial structure, and we will continue to take decisive steps to reshape business systems and operations. The synergies of these measures will allow us to offer services of even higher quality, and together will establish an upward cycle that can be termed the evolution of a truly customer-oriented *sogo shosha*. The stance for which Nissho Iwai is striving is that of a trading company that evolves continuously for the sake of its customers.

The Driving Force for Evolution

The six division companies that make up Nissho Iwai Corporation, as well their core subsidiaries and our strategic allies, are the source of Nissho Iwai's profitability. Their combined power is deployed through the Company's network of over 130 overseas offices. The synergies created by these unique relationships and the thousands of talented, multi-cultural professionals following the Think Beyond, Look Beyond philosophy allow us to continually offer innovative business opportunities in global markets.

The coalescence of our new management philosophy and employee enthusiasm will allow Nissho Iwai to evolve into a high-profit-structure *sogo shosha*.

Nissho Iwai continues to evolve, seeking always to be the best possible business partner to its customers.

Nissho Iwai Corporation
President and CEO
Hidetoshi Nishimura
July 2002

Medium-Term Management Plan 2002 → 2005

The Continued Evolution of Nissho Iwai

Financial Strength

NET Debt/Equity Ratio

less than 7 *TIMES*

Profitability

NET INCOME

¥22.5 BILLION

Performance Metrics

ROA

more than 1.0%

ROE

around 14.0%

An Overview of Medium-Term Management Plan 2002

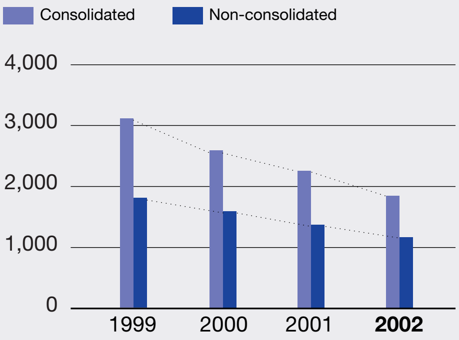
Improving our Financial Position

Nissho Iwai commenced efforts to slash underperforming financial assets in the fiscal year ended March 31, 1999, the term prior to inauguration of Medium-Term Management Plan 2002. Building on this momentum, the Company resolved to undertake revolutionary reforms throughout, improving its financial position and increasing the transparency of management, and overhauling its management structure and organizations, earnings structure, and personnel systems.

An exacting analysis of poorly performing financial assets, investments, and low-margin transactions led the Company to reduce its assets, and the funds generated by these activities were used to reduce interest-bearing debts by approximately ¥1,350 billion. At the same time, asset quality was improved through the write-off of assets or the establishment of reserves for potential losses, as needed.

The net interest-bearing debt to equity ratio was affected by a change in accounting methods, and remains at a high level under the new standard. Steady improvement is seen, however, when comparisons are made under uniform standards, and the Company intends to achieve a satisfactory figure during the period of Medium-Term Management Plan 2005.

Interest-Bearing Debt (Billions of yen)



Net debt/equity ratio (Times)	18.6	14.2	11.7	9.6
New standard*	—	—	18.7	17.3

*Shareholders' equity includes foreign currency translation adjustments and loss on revaluation of securities.

Measures to Strengthen our Earnings Structure

In this time of low growth, it is widely accepted that major expansion of sales cannot be expected. Nissho Iwai, therefore, is concentrating management resources in its areas of strength and in fields that display growth potential, and is reforming its cost structure.

1. Maximizing Profitability

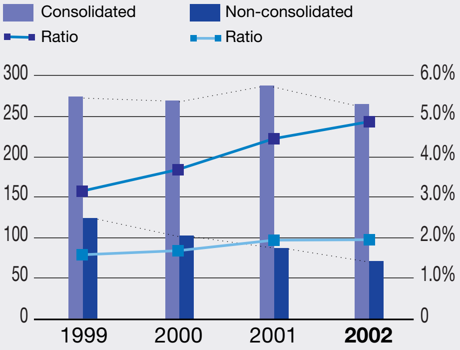
Net sales have been trending downward. This is largely due to our withdrawal from low-margin transactions worth approximately ¥2 trillion in net sales annually, as a step in the vital drive to improve Nissho Iwai's financial position. In addition, our alliance strategy has had the effect of shifting some consolidated businesses to equity method affiliates.

On the other hand, concentration of management resources in growth fields such as the information industry and other core businesses allowed the Company, during the period of this management plan, to maintain gross trading profit at the highest level seen over the past ten years.

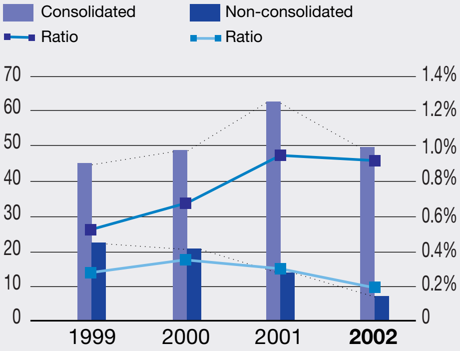
2. Reforming the Company's Cost Structure

Nissho Iwai reduced costs by overcoming such upward pressures on expenses as the amortization expenses for retirement benefit liabilities resulting from the adoption of the retirement benefit accounting system, and the increase in write-offs of losses on investments in subsidiaries resulting from the restructuring of the Company's business portfolio. Further, selling, general, and administrative expenses were ¥11.6 billion lower in the fiscal year ended March 31, 2002 than in the fiscal year ended March 31, 1999. Nissho Iwai overhauled the cost structure of the entire Group, and achieved improvements in operating income and the operating income ratio. The effects of this effort made themselves seen in the fiscal year ended March 31, 2001, when the Company posted record-high consolidated operating income of ¥62.3 billion.

Gross Trading Profit and Gross Trading Profit Ratio (Billions of yen/%)

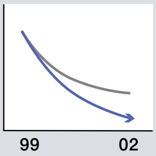


Operating Income and Operating Income Ratio
(Billions of yen/%)



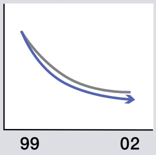
Achievements in Improvement of Financial Position

Reduction of Assets



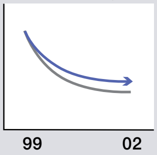
141.7% of the target value, or **¥1,700.4 billion**

Reduction of Gross Interest-Bearing Debt



112.4% of the target value, or **¥1,348.8 billion**

Improvement in Net Interest-Bearing Debt to Equity Ratio

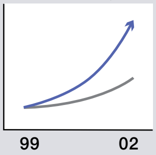


This figure was reduced to **9.56 times**, but the Company did not reach its goal of less than **9 times**.

(Calculated using former accounting standards)

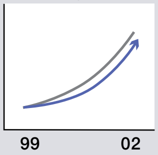
Reforms Achieved in our Earnings Structure

Gross Trading Profit Ratio



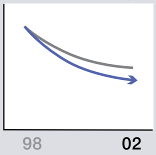
4.86%, exceeding the target value of **3.75%**

Operating Income Ratio



0.91%, compared with the **0.95%** target

Optimum-Sizing the Workforce



The workforce was reduced by **1,805**, significantly above the target of **1,000**.

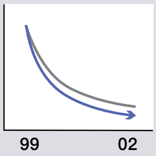
(Non-consolidated basis)

Strengthening of Group Management

Establishing an Exit Rule

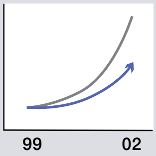
From October 1998, Nissho Iwai has disassociated itself from Group companies that post losses for three consecutive fiscal years, as well as from those that post cumulative losses equal to two-thirds of equity.

Elimination of Group Companies



223 companies have been eliminated, as against the target of **200**

Ratio of Group Companies in the Black



The ratio was improved from **63.4%** to **72.7%**, though short of the goal of **85%**.

→ Result
— Target

To continue the successes brought by the Medium-Term Management Plan 2002, as well as to address once again those goals not met and reach for new, higher goals as a next strategic step, the Company has implemented its Medium-Term Management Plan 2005.

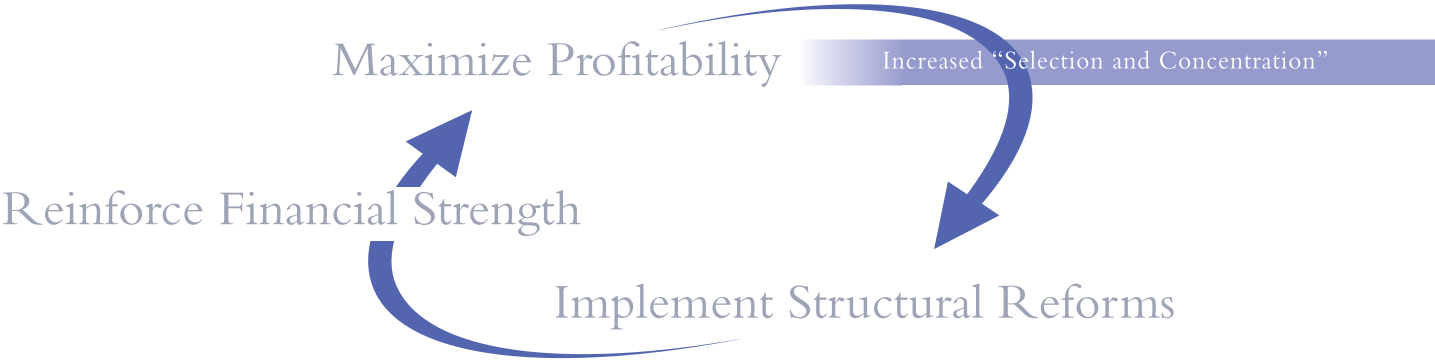
Reinforcing Group Management

The Company has shifted emphasis to consolidated growth and profit expansion, and, as the parent company, Nissho Iwai will enhance its character as the managing organization and formulate strategies and plans for the entire Group. In the interest of timely decision-making and the establishment of fair and transparent management systems, the Company is strengthening corporate governance and bolstering risk management.

Measures to strengthen corporate governance included the separation of management and business execution functions, shortening the terms of office of both directors and executive officers, and the introduction of a broad-based stock option plan for all executives and employees of the Company. In addition, the nomination committee and remuneration committee for directors and executive officers, and the advisory board that includes outside experts were established. To strengthen risk management, all risk-management organizations were integrated, and a unified Groupwide risk management system established.

Auditing functions were bolstered and an auditing system for the Group was established; country-wise exposure ceilings (CECs) were set and measures taken to see that they are strictly observed; ceilings were established for price-volatility risk in dealing transactions, using a market-valuation system on a daily basis and implementing measures to cut losses through third-party monitoring, and setting risk-return indices (consolidated ROA after adjustment for credit premiums).

Fundamental Policies of Medium-Term Management Plan 2005



Numerical Targets

Financial Strength

NET DEBT/EQUITY RATIO

Consolidated	Non-consolidated
Less than 7 *TIMES*	*Less than* 4 *TIMES*

Profitability

NET INCOME

Consolidated	Non-consolidated
¥22.5 *BILLION*	¥8.0 *BILLION*

Performance Metrics

Consolidated ROA	Consolidated ROE
More than 1.0%	*Around* 14.0%

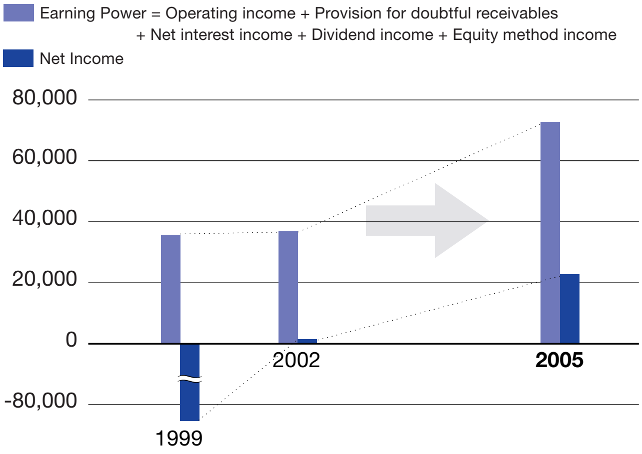
Goals for the fiscal year ending March 31, 2005 are shown at left, but we are resolved to attain these goals more rapidly than called for in the plan. We are not waiting for the plan's final year to restore our credit rating, rebuild investor confidence and strengthen our ability to raise capital. We are also determined to resume dividends to our shareholders at the earliest possible point.

Fundamental Policy (1)

Maximize Pofitability

Earning Power and Net Income

(Millions of Yen)



As the entire Group proceeds to exercise more intensive selectivity with regard to business activities and concentration of management resources in selected areas, non-consolidated profits will be maintained, and consolidated net income—which includes income generated through our alliance strategy—will be maximized.

In core business areas, we are seeking to increase earning power through the concentration of management resources in selected transactions, and anticipate making new loans and investments of ¥160 billion, mainly focusing on the five core business areas over the three-year period of the plan. We plan to invest approximately ¥70 billion in energy and natural resources, ¥40 billion in aerospace industries, and ¥50 million in other areas, including the fostering of new business development.

As the Company works to maximize profitability, it will implement structural reforms that will reinforce its financial strength. These three activities undertaken simultaneously will create a positive feedback cycle that will drive further progress.

Optimizing the Group's Business Portfolio

	Non-consolidated	Core Subsidiaries	Strategic Alliances
	Select factors, such as market credibility; risk management.; operating base; value creation potential; future prospects, and etc.	1. Strengthen localized marketing 2. Cost-competitiveness through low-cost operations	1. Business growth through alliances with strategic partners 2. Take appropriate measures to deal with industry realignment
Machinery & Information Industries	Aerospace, automotive and telecom	NIASCO, etc.	ITX Corporation
	Energy projects		
Energy	Petroleum, atomic power and coal	NI Petroleum Corp., etc.	LNG JAPAN CORPORATION
Consumer Products	Foodstuffs and products, general commodities and construction & urban development	NI Foods Corp. and NI Real Estate Corp.	SUN 日商岩井・ニチメングループ サン建材株式会社 SUN BUILDING MATERIALS CORPORATION
Metals	Steel, raw materials, coal and non-ferrous materials	Core subsidiaries	Metal One 株式会社メタルワン
Overseas Business Development	Overseas Subsidiaries		

The Group's business portfolio will be optimized through joint activities of Nissho Iwai itself and core subsidiaries, as well as through the formation of strategic alliances.

Action Plans for the Core Business Areas to Maximize Profitabilty

Core Business Areas		
	Five Core Business Areas	
	Energy & Natural Resources	Business stream related to energy (exploitation of natural resources, plant & equipment, investments, logistics, etc.), iron ore & coal
	Aerospace Industries	Expand sales of Boeing, commuter planes, and on-board electronic appliances
	Electronics & Telecommunications	Develop business in growth markets (China, etc.)
	Automotive Industries	Expand existing business pertaining to automobiles and related manufacturing equipment
	Consumer Products (Foodstuffs & products, general commdities, etc.)	Focus on the Pacific Rim area; develop processing, retail, logistics business and function as a supply base to the regional consumer market
	Core Areas for Alliances	Information industries, LNG, steel products and chemicals
	Overseas Subsidiaries	Regional headquarters system for America, Europe & Asia ; From/To MARKET, strengthen localized HRD activities; dispatch strategic key personnel
	New Business Development	eBusiness, biotechnology and environment (afforestation, etc.)

Fresh Investment (mainly focusing on the 5 core business areas): ¥160 billion

Fundamental Policy (2)

Implement Structural Reforms

Reform of Management Systems

- Abolition of executive directors
- All directors serve dual roles as executive officers
- Establishment of Group Management Board

Organization Reform (April 1, 2002)

- Machinery Company
- Metals Company
- Energy Company
- Chemicals, Consumer & Forest Products Company
- Construction & Urban Development Company
- Administration Divisions

- Machinery Company
- Metals Company
- Energy & Mineral Resources Company
- Foods & Consumer Products Company
- Chemicals & Housing Materials Company
- Construction & Urban Development Company
- NIPROS

Improving Cost Structure (Billions of Yen)

	99/3	02/3	05/3
Total SG&A Expenses	227.9	216.3	171.0
Gross Profit	272.9	265.8	251.0
CCR*	79.4%	79.8%	67.3%

*CCR=Operating expenses÷Gross trading profit
(Operating expenses=SG&A expenses — Provision for doubtful receivables & Special pension/retirement benefits)

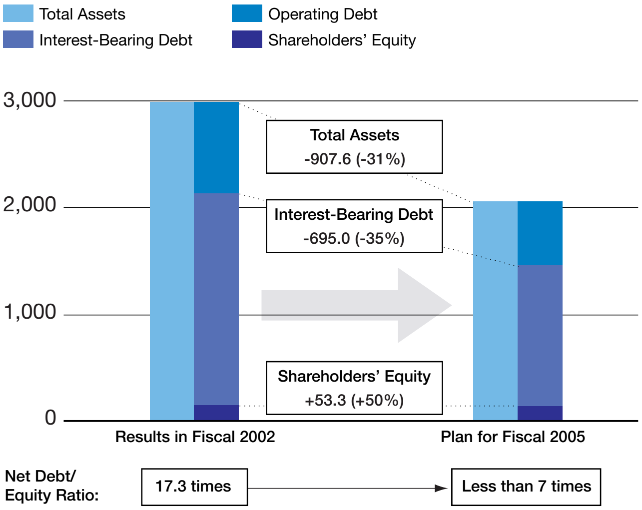
Through resolute improvement of the Group's cost structure and management systems, we will strengthen the cost-competitiveness of the entire Group.

Nissho Iwai has reformed its employee pension and retirement benefits system through the introduction of the Defined Contribution Pension Plan (Japanese version of 401(k) pension plan), and it is one of the first companies to take this step. In addition to this, the Company is re-evaluating its salary system, including executive remuneration at subsidiaries as well as the parent company as part of our effort to optimize costs. The overhaul of management systems includes the abolition of directors who also wield executive authority, placing all directors on the same plane. This should make for a more vigorous, proactive board of directors. To reinforce Group management, we plan to establish a Group Management Board, which will be composed of the directors and the presidents of major group companies. Nissho Iwai is also altering its in-house company system from a five-company to a six-company structure, and is improving its administrative functions, as symbolized by the establishment of Nissho Iwai Professional Services, Ltd. (NIPROS), a shared services company (SSC). We are also taking steps to train and mentor human resources, and to facilitate the transfer of personnel within the Group.

Fundamental Policy (3)

Reinforce Financial Strength

Balance Sheet Plan for Fiscal 2005 (Billions of yen)

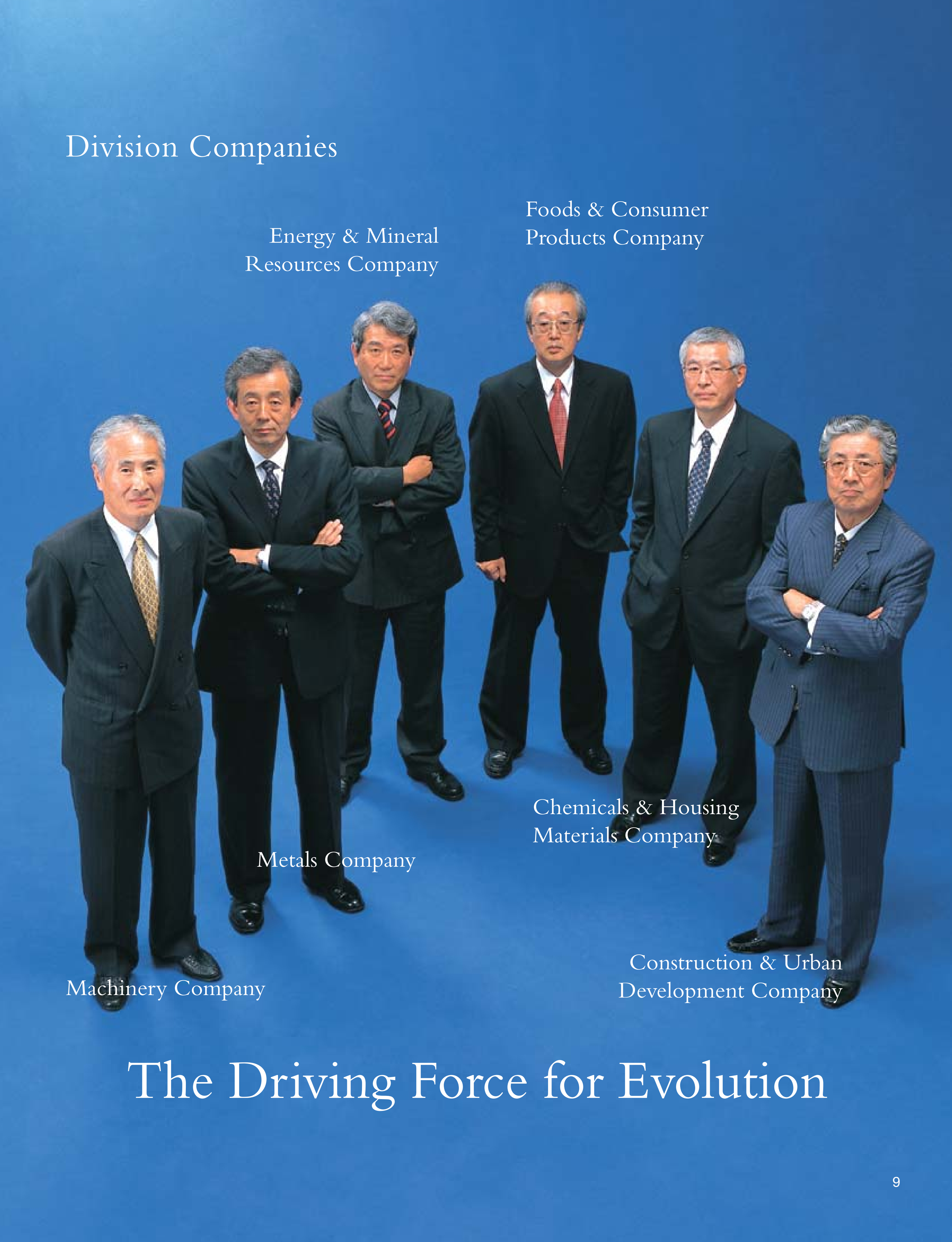


As a continuation of measures commenced under Medium-Term Management Plan 2002, the Company will continue to reduce assets, including fixed assets and financial assets, and to use the funds raised to reduce interest-bearing debt. Periodic income will be retained and used to bolster shareholders' equity, and these two measures together will have the effect of improving the interest-bearing debt to equity ratio.

By March 31, 2005, total assets will be reduced by 31% from their March 31, 2002 level, to ¥2,050 billion, while interest-bearing debt will by cut by 35%, to ¥1,300 billion, and shareholders' equity will grow 50% to ¥160 billion.

The attainment of these goals will bring a significant improvement in the net interest-bearing debt to equity ratio from 17.3 to less than 7 times.

Division Companies



The Driving Force for Evolution

Machinery Company

"The Machinery Company is striving for thorough selection and concentration in its business activities. The company pursues new business opportunities and growth while effectively allocating limited resources to maximum effect. The company also takes an aggressive stance in new businesses, wielding its considerable resources in the creation of new revenue streams."

Kunihide Izumi *President*

Business Structure

The Machinery Company was formed from the merger of three predecessor companies in April 2001. While restructuring intercompany operations, we have concentrated on the reduction of interest-bearing debt through selection and concentration, the development of superior business models that enhance asset efficiency, and the pioneering of new projects.

In April 2002, we reorganized our 15 operational divisions into seven divisions, improving the maneuverability of the company as a whole. In the energy project department, which handles natural resources and energy, we introduced a project-based team system that is already producing noteworthy results under an extremely flexible organizational framework.

In marine businesses, we determined that the establishment of a new subsidiary was the best option available to improve earnings and build a low-cost and highly efficient structure. To this end, we integrated our related group companies on April 1 and established Nissho Iwai Marine Corporation. The company is operating with a coordinated approach from upstream to downstream, a strategy rarely seen at a *sogo shosha* in the marine industry.

Business Strategy

Each operational division of the Machinery Company engages in a different field of specialty, and they all function within a sharply focused strategy emphasizing revenues.

In natural resources and energy, we are involved in each stage of the process, from securing upstream rights to downstream plant operation, and at the same time we arrange financing tailored to the organization and structure of each project. In one business, for example, we received an order for a compressed natural gas transport facility from an engineering-related subsidiary of Russia's OAO Gazprom, one of the largest gas producers in the world, and we expect to receive more large-scale orders in the future. We will continue to expand business investment and allocation with superior asset efficiency by directing efforts in critical fields and regions, including the financing of a 720-MW natural gas-fired combined-cycle power plant in Vietnam, and concluding a financing deal with Angola's state oil company, Sonangol, for offshore oil field development utilizing a floating production, storage and offloading (FPSO) facility.

In the aerospace field, we are focusing on

Angola's state oil company, Sonangol, has introduced a floating production, storage and offloading (FPSO) facility that produces 15,000 barrels of crude oil per day to support its own offshore oil well. Nissho Iwai finances this oil-development project in alliance with other financial institutions.

With the highest payload and range capability, Boeing 777 is equipped to respond to growth in airline passengers.

Demand for cellular and wireless phones made in South Korea is increasing, and related equipment is being exported from South Korea to Australia, New Zealand, China, India and other countries.

increasing sales of commercial aircraft made by The Boeing Company and regional aircraft by Bombardier Aerospace Co., Ltd., while putting more effort into the sale of next-generation attack helicopters and various electronic defense equipment. Backed by our extensive expertise with Boeing for nearly half a century, we are steadily strengthening our presence in the global commercial aircraft market.

Electronics and telecommunications are showing promise as fields with substantial growth opportunities. In this fields, we engage in the export of electronics and communications-related equipment to such critical markets as China, India and Korea, as well as the coordination of exports from Korea and China to Europe and the United States. Our product strategy is to bolster sales of mobile phones, asymmetric digital subscriber line (ADSL), and wireless local loop (WLL) products to markets with substantial growth potential.

In the area of industrial machinery and systems, we are promoting the sale of CO_2 laser-processing machinery to the United States and Europe while stepping up efforts to provide technological services.

In the automotive sector, we operate assembly and sales companies, mainly in Asia. Our goals are to expand commercial rights to built-up units and knock-down assembly, as well as increase sales of production engineering technology, and its related manufacturing systems and equipment in Europe, the United States and Southeast Asia. In Latin America, our businesses performed admirably, assembling automobile models while addressing the National Family Vehicle Plan in Venezuela.

Nissho Iwai has designated five fields as crucial to its Medium-Term Management Plan 2005, and the Machinery Company is associated with four of these fields, namely natural resources and energy, aircraft, electronics and communications, and the automobile-related industry. With these fields playing a decisive role in the future of the Nissho Iwai Group, we intend to manage our businesses with the aim of producing valuable results over the next three years.

Metals Company

> "The Metals Company is determined to reshape the *sogo shosha* to handle modern steel distribution. In the far-reaching world of steel, we are rejuvenating our steel product businesses to extend their global reach while preserving our employee spirit of challenging the status quo."

Masashi Mizutani *President*

Two years have passed since Nissho Iwai announced on January 25, 2001, that it was considering the merger of metals operations with Mitsubishi Corporation. At long last, Nissho Iwai and Mitsubishi Corporation have agreed on plans to establish Metal One Corporation in January 2003, a new company combining the steel products businesses of the two companies. The "one" in the new company's name comes from the concept of being the "one-and-only" company able to execute the new functions of a *sogo shosha* specializing in steel, and was not meant to signify merely a ranking or number one position. The merger is a significant development toward rebuilding the steel product operations of *sogo shosha*. In particular, the merger creates a corporate structure able to advance the three following reforms:

- Reforming the cost structure by accelerating the transfer of business to subsidiaries
- Reforming the asset structure by eliminating redundant bases and other assets
- Reforming the business model to center on supporting the functions of both companies

While carrying out these reforms, the mission of the new company is to create an optimal business structure for steel products by applying new *sogo shosha* functions across the spectrum of steel distribution operations.

Metal One Operations

The goal of the merger, to create an optimal business structure for steel products, will ensure a stable supply of steel products—the most important material in the manufacturing and construction industries—in an efficient and streamlined manner by enabling thorough improvements to the distribution and processing stages from the perspective of the final customer. Another aim is to achieve a full circle in the steel business by participating in the recycling market.

As a basic material well suited for general purposes, steel represents a broad-reaching market, making cohesive management a daunting task. Metal One was conceived to enable operational management with links to all

The Honshi-Kakyo Bridge
Steel materials handled by Nissho Iwai's Metals Company contributed to construction of this bridge through general contractors.

A hot-rolling plant
The company enables efficient connections between plants and steel products users.

The headquarters building of Metal One Corporation in Tokyo
Metal One plans to initiate its operations on January 6, 2003.

Metal One

channels—from basic materials to the finished product—networking literally tens of affiliated companies and hundreds, even thousands, of supporting companies.

The steel distribution operations of a *sogo shosha* must strive to provide steel materials under the best conditions for customers by accurately and judiciously grasping the needs of domestic and overseas users. It is equally important to adequately understand the differing needs of steel manufacturers and take on the best possible marketing strategy. Leveraging the international network of a *sogo shosha*, Metal One will be able to quickly accumulate not only data on the steel market, but also on political, economic and legal conditions in regions throughout the world. Metal One will also be able to develop overseas markets for steel manufacturers and customers alike, creating attractive deals while growing into a powerful investment partner.

Metal One will also create an extremely efficient pipeline of distribution services needed by both steel manufacturers and users, which in turn should reduce costs for users by enabling the efficient application of a variety of strategic distribution schemes in various markets with the steel distribution and processing businesses of the Nissho Iwai and Mitsubishi Corporation groups. In this way, users stand to benefit from the synergistic effects of a solid integration of Nissho Iwai's and Mitsubishi Corporation's steel operations.

The Metal One Vision

Supported by the comprehensive strengths of a *sogo shosha*, Metal One will encourage management aware of the organic relationships throughout all industries. Metal One creates and provides added value for its customers by optimizing markets from its unique position as a spun-off function of a *sogo shosha*. As a leading company creating value in the industry, Metal One aims to create value for society, shareholders, customers and employees, while fulfilling its social responsibility as a corporate citizen.

Energy & Mineral Resources Company

> "For a trading company, changes in the operating environment present the greatest opportunity to create new businesses. We aim to expand business through alliances with strategic partners, M&A in core business areas, and investment and financing on selected upstream projects based on historically solid relationships with our partners."

Hiroyuki Tanabe *President*

The Energy and Mineral Resources Company was created through the integration of the Energy Company and the mineral resources group of the Metals Company. Its main business is the development, import and sale of energy to the electric, gas and petroleum sectors as well as mineral resources for the steel and non-steel industries. We can proudly say that the business of our company has played a consistently important role in securing energy and mineral resources for Japan, and we will continue to make the utmost effort to realize our mission.

In the LNG business, we established LNG Japan Corporation on an equal-share basis with Sumitomo Corporation. The new company started operations on October 1, 2001, and handles approximately 30% of the total LNG import volume into Japan. The goal of the venture is to maintain our position in this field while strengthening business activity and maximizing returns through large-scale upstream projects, primarily in Qatar and Indonesia.

In the petroleum business, we purchased the petroleum carbon business of Nichimen Corporation in March 2002 to strengthen our business activities by taking advantage of the scale advantages of the merger. Through cooperation with a number of domestic and overseas affiliated companies, we are developing a wide range of products in the downstream field.

In the nuclear fuel business, we have played a pioneering role by importing Japan's first commercial nuclear power generation facility. As the sole agent in Japan of the Cogema Group in France, the world's largest comprehensive nuclear fuel company, we engage in all aspects of the nuclear fuel cycle business, including uranium ore, conversion and concentration, and reprocessing.

In the coal business, we combined our coal for steel and general industries and coal for electrical power business units in April 2002 and executed further M&A with Nichimen in the coal and mineral resources business. Through these measures, we hope to build a comprehensive organizational structure that can constantly meet the various needs of our customers and respond flexibly to market demands through diversified supply sources.

A view of “yellowcake,” so called because of the yellow color of uranium just after production from uranium ore. With great energy potential, it is processed into fuel for nuclear power generation, which accounts for more than 30% of total electric power in Japan. [Photo: COGEMA]

At the Worsley Alumina Project in Australia, of which Nissho Iwai has a 7.5% share, production capacity of alumina has expanded to 3.1 million tons per year.

In the iron ore business, we boast a number two position in the industry in terms of imports. Since the 1950s, we have acted as the coordinator for the import of iron ore from Companhia Vale do Rio Doce of Brazil, the world's largest producer of iron ore. We aim to ensure a continuous, stable supply of iron ore in the future.

In the ferro-alloy and non-ferrous materials business other than aluminum and copper, we handle chrome, nickel, manganese, vanadium, molybdenum, and other alloys and their raw materials. Through investment in prominent overseas sources and the comprehensive development of business as the sole agent for major suppliers of such materials, we are maintaining our status as the second largest importer in Japan in this industry. In the nickel business, we have decided to participate in the Coral Bay Nickel Project in the Philippines led by Sumitomo Metal Mining Co., Ltd., the first project in Asia applying the high-pressure acid leaching (HPAL) process, and we are making every effort to further expand the scope of our downstream business.

In the aluminum and copper business, we are carrying out aggressive investment in the Worsley Alumina Project in Australia, an excellent investment opportunity in alumina, as well as participating in the copper smelting and refining project in Australia being overseen by Port Kembla Copper Pty. Ltd. At the same time, we are strengthening our business transactions in aluminum ingots with overseas aluminum smelting companies, such as Aluminium Bahrain B.S.C. (ALBA) in Bahrain in the Middle East.

Foods & Consumer Products Company

“The Foods & Consumer Products Company covers consumer goods and foodstuffs, areas that are basic to people’s lives and hold exciting growth prospects. We aim to make this company a stronger organization with grander dreams and greater motivation by invigorating investment and promoting overseas operations primarily in Southeast Asia and China.”

Nobuaki Ito *President*

The Foods & Consumer Products Company focuses on the two core business areas of general commodities, and foodstuffs and products. We aim to provide products and services more appealing to consumers. From the view of maximizing business value on a consolidated basis, the company has worked to create an optimal structure in each business field. To integrate domestic livestock companies and strengthen sales in livestock operations, we established Nissho Iwai Meat and Agri-Products Corp., transferred livestock and its related businesses from Nissho Iwai and took in some external investment. In the fiscal year ended March 31, 2002, the meat & livestock industry was confronted with a bovine spongiform encephalopathy (BSE, or “mad cow disease”) scare and packaging falsification scandals. Despite this difficult operating environment, the company was able to post growth.

The Foods & Consumer Products Company is taking an aggressive investment posture and is pursuing mergers and acquisitions in high-revenue businesses in line with Medium-Term Management Plan 2005. As part of these efforts, we established Unitec Foods Co., Ltd. by taking over the overseas food materials business of Snow Brand Foods Co., Ltd.

General Commodities Business

The general commodities department engages in tobacco transactions with Philip Morris Companies Inc. and is involved in afforestation and woodchip operations as a part of its environmental business. We advanced B-to-B transactions in paper by utilizing information technology, as well as new business development functions at the head office. We transferred other businesses to Nissho Iwai General Merchandise Corporation to increase efficiency.

Affiliated companies of the general commodities department are producing a steady flow of revenues, including Nissho Iwai Paper and Pulp Corp., which we spun off and founded with some external investments. These affiliated companies aim for efficient consolidated management through solid ties with Nissho Iwai, applying measures to strengthen financing and marketing functions through the introduction of external capital.

We plan to engage in chain-store management as a new business, utilizing our extensive track record in branded product transactions.

The Nissho Iwai booth at Foodex, an international food and beverage exhibition held in March every year

Chip vessel loading radiata pine chips (Victoria, Australia)

A catch is displayed from the frozen-tuna business, in which Nissho Iwai's share has reached 12%

Foodstuffs and Products Business

Identified in the new medium-term management plan as a core business area, the foodstuffs and products business is divided according to food type, such as grains and sugar, oils and fats, marine products, livestock and provisions. To draw out the value of the business on a consolidated basis, we aim to streamline costs while assertively moving forward with investment and M&A activities to expand the business portfolio.

We are advancing a number of measures to create an optimized structure. For example in the livestock and foods businesses, we transferred businesses to subsidiaries to enhance efficiency. We have carved out a solid position in the industry through the merger of sugar refining subsidiaries Shin-Meito Sugar Refining Co., Ltd. and Mitsui Seito Co., Ltd., as well as the merger of Nihon Sugar Refining Co., Ltd. and Fuji Seito Co., Ltd., a Nissho Iwai affiliate.

Amid a projected tightening of the global balance in food supply and demand, the company also concentrates on the securing of food sources and the development and processing business. The company will naturally continue to actively promote offshore transactions in wheat and other commodities, and at the same time further strengthen its affiliation with strategic business alliances and integrate trading and distribution among group companies. We emphasize Southeast Asia and China among the food-supplying regions of the world, and with regard to consumption centers we plan to align more resources in fast-growing regions of Asia in addition to such advanced nations as the United States. From P.T. Indofood Sukses Makmur Tbk. of Indonesia, a partner of ours in wheat transactions for more than 20 years, we were appointed as an agent for sales of instant noodles in the United States.

In the future, Nissho Iwai plans to participate in businesses with high profitability and growth prospects and in businesses with strong synergies with the Company. As the first step in gearing up investment operations, we purchased the overseas business of Snow Brand Foods, including such food materials as natural food additives.

We are striving forward with strong determination, combining the forces of Nissho Iwai Foods Corp., Nissho Iwai Meat and Agri-Products, Unitec Foods and other Group companies as well as overseas offices.

Chemicals & Housing Materials Company

> "The Chemicals & Housing Materials Company is working to improve profits while assertively moving to a high-growth business model by thoroughly reviewing transactions with low asset efficiency. Pursuing this strategy is the foremost issue facing the company. Amid severe changes in the operating environment, we expect our staff to come up with forward-looking ideas and follow through with determined action."

Yutaka Kase *President*

The former Chemicals, Consumer & Forest Products Company has been split into two. Formed in April 2002 from two departments and five sections related to chemicals and housing materials, the Chemicals & Housing Materials Company was assessed as a core area for alliances in the Medium-Term Management Plan 2005. In the fields of building materials, synthetic resins and chemicals, the Chemicals & Housing Materials Company is promoting capital and business tie-ups with other companies. In this way, the company is working to build a stronger business structure with competitive and profitable potential at the headquarters, affiliated companies and overseas bases.

The Chemicals & Housing Materials Company is making every effort to enhance capital efficiency and create a sounder balance sheet by reinforcing risk management and advancing the disposal of idle and non-performing assets. Based on an operational foundation that spans the world, the company aims to strengthen affiliated companies by concentrating on high-profit businesses and forming alliances. To this end, the company will strive to improve the financial structure by bolstering competitiveness and consolidating earnings power as a professional group of specialists.

Housing Materials and Products

In accordance with the establishment of the new company, two departments and four sections associated with wood materials (trees for lumber and plywood) and housing materials (mainly wood for housing) were merged in April 2002 to form a one-department, two-section structure in the Housing Materials & Products Department.

This newly established business unit is currently formulating a detailed business plan within the framework of the Medium-Term Management Plan 2005. To efficiently allocate management resources and improve profits, the company supplies the global market with trees and wood products imported from such regions around the world as China, Southeast Asia, the United States, Australia, New Zealand, Russia and Europe, with due consideration to customer needs.

We are making concerted efforts to expand operations in the import and sale of coniferous trees, which address concerns for environmental issues, and materials and products taken from planted trees in Australia, New Zealand and Europe. In addition to traditional offshore transactions, we are expanding offshore transactions with

A plant owned by P.T. Kaltim Methanol Industri, an Indonesian methanol manufacturer in which the Company has a stake

Housing materials using New Zealand-made wood

China, which has taken the limelight with its recent admittance into the World Trade Organization (WTO).

The company is aggressively developing its subsidiary strategy by promoting sales of a wide variety of housing materials and wood products through consolidated subsidiary Sun Building Materials Corp. and NI Housing Material Co., Ltd.

Chemicals

China, Korea and other Asian regions account for most of the market for chemicals. The Chemicals & Housing Materials Company itself is concentrating business development on core functions, including operations centering on overseas investment in methanol and fertilizer in Asia as well as new business development in such high-growth areas as biotechnology, pharmaceuticals and electronics. Since beginning in 2001, the transfer of trading businesses has progressed smoothly to Nissho Iwai Plastic Corp., Nissho Iwai Chemical Corp. and Nissho Iwai Cement Corp. By enhancing business efficiency through spin-offs and boosting specialization in customer care, we are taking aim at unprecedented profit expansion.

We are also aggressively advancing capital tie-ups with other companies in the industry. The company established Global Chemical Holdings, Inc. in March 2002 after founding Pla-Net Holding, Inc. in April 2001. We completed preparation of groundwork for the continuation of Groupwide efforts to become a leading company in the industry.

Extensive selection and concentration begins with a deliberate examination of the Group business portfolio. Moreover, efficient selection and concentration depends on unified efforts to strengthen headquarters functions, spin off businesses to enhance efficiency, and promote consolidated management on all fronts. The Chemicals & Housing Materials Company has embarked on this journey with a clear vision of where it wants to be in three years, and what measures are necessary to achieve its objectives.

Construction & Urban Development Company

> "The Construction & Urban Development Company is a professional, comprehensive developer equipped with the information-gathering capabilities and overseas networks of a trading company. Our aim is to aggressively develop new projects within this business."

Akitoshi Ueno *President*

Business Overview

The Construction & Urban Development Company is a professional group of developers specializing in the housing business. Operations are broken down into 1) condominiums, 2) residential land development and detached houses, 3) prime contracting, consulting, redevelopment, and materials and equipment transactions, and 4) commercial facility development. Each of these four chief businesses has a long list of accomplishments.

In the condominium business, the company provides more than 2,000 units annually, primarily in Tokyo, Nagoya and Osaka both individually and through joint ventures with Nissho Iwai Real Estate Corp., one of three core affiliates of the company. Our condominiums have gained recognition as the top of their class in the industry, thanks to our efforts to make possible a better way of life and greater customer satisfaction under our condominium brand motto "More for the Heart," as well as innovative product planning that precisely matches the changing needs of our customers.

In the residential land development and detached house business, the company provides high-value-added houses with urban and residential designs that take into account the environment and promote enjoyment of nature, and that come with interior furnishings providing well-sealed and insulated, energy-saving and handicapped-accessible features.

The prime contracting and consulting business is an area in which our independent *sogo shosha* network becomes most noticeable. Utilizing land to its full potential, the company provides the best plan available for use in real estate activities. The Kajoh Central Building opened its doors last year as a privately financed initiative joint project among private institutions, Yamagata Prefecture and Yamagata City, and has been receiving considerable attention recently. In addition, we are making steady progress on the JR Akita Station East Base Center in Akita City.

In commercial facility development, the company is promoting the suburban shopping center business and premium outlet mall business. An outlet mall was opened in

Rinku Premium Outlets
(Izumisano City, Osaka Pref.)
As one of Japan's largest suburban factory outlet malls, Rinku Premium Outlets features approximately 120 shops with famous brands from Japan and around the world.

Kajoh Central Building
(Yamagata City, Yamagata Pref.)
Constructed in a joint effort between private institutions in Yamagata City and Yamagata Prefecture, the Kajoh Central Building has begun full-scale operations as one of the largest building complexes in the prefecture.

Air Residence Shin-Urayasu
(Urayasu City, Chiba Pref.)
The Air Residence Shin-Urayasu offers breathtaking views from its 32-story twin towers and a high-class touch derived from its salon philosophy.

“Rinku Town” in Osaka on the back of the company’s success in Gotemba, Shizuoka Prefecture. The outlet mall became one of Japan’s largest, with a total of 120 shops, after 40 new stores were added in March 2002. The concept of offering premium brand-name products at reasonable prices, pioneered by Chelsea Japan Co., Ltd., looks to gain the overwhelming support of consumers in the future.

Business Strategy

The company has put in place a structure of affiliates, including the general developer Nissho Iwai Real Estate, marketing company Nissho Iwai Realnet Corp. (currently Nichimen Nissho Iwai Realnet Corp.) and property management company NI Community Corp., that allows for integrated follow-up from real estate planning proposals to lot sales and management. Feeding back expertise gained from this structure into product planning, we provide customers with higher-value-added services. These affiliates are posting robust performance. Nissho Iwai Realnet (currently Nichimen Nissho Iwai Realnet) and NI Community began joint operations with Nichimen Corporation in March 2002 to create new synergies.

The company’s newly developed condominiums provide standard packages that feature 24-hour access to the Internet free of charge. Based on positive responses from this service, we are planning condominiums ready for broadband access over a dedicated, always-on 1-Gbps Internet connection—the first such service in Japan.

In the condominium business, the company will continue to provide high-quality and highly functional products that offer a more elegant way of life, to realize “More for the Heart,” from all points of view, including IT, the environment and nature.

Major Subsidiaries and Affiliates

As of July 1, 2002

( ) indicates percentage of shares owned as of March 31, 2002.

Machinery Company

JAPAN

NITEC CORP. (100%)
Sales of heavy, chemical, food and plastic machinery, systems for media & device and environmental protection

SENDZIMIR JAPAN, LTD. (45.0%)
Sendzimir rolling mill manufacturing and sales

RENT CORP. (28.9%)
Rental of industrial equipment and vehicles

N.I. EURO-MOTORS CO., LTD. (100%)
Sale of Peugeot automobiles

NISSHO IWAI CHUBU MACHINERY CO., LTD. (100%)
Sale of industrial robots and machinery equipment

NISSHO IWAI MACHINERY SYSTEM CORP. (100%)
Sales of machinery and components for electronic & information, engineering plastic & chemical, advanced mterial, environment, metal processing, and other

NISSHO IWAI MOTOR SALES CORP. (100%)
Sale of Peugeot automobiles

NISSHO IWAI MECHATRONICS CORP. (100%)
Factory automation system and equipment, and humidified refrigerator sales

NI AIRCRAFT LEASING CORP. (100%)
Aircrafts sale and leasing

NISSHO IWAI MARINE CORPORATION (NIMAC) (100%)
Sales & Purchase of new-building and used ships, Chartering, Ship operation/management and supervision, Sales of marine and industrial machinery

NIASCO CORP. (100%)
Sales of aerospace systems/parts

NI WELDING CORP. (79.7%)
Welding materials sales

NISSIN GAS ENGINEERING LTD. (30.0%)
Sale of gas reliquefying devices

NI-KOBE WELDING CO., LTD. (49.0%)
Welding materials sales

U.S.A.

MAZAK NISSHO IWAI CORP. (90.0%)
Distributor of laser cutting machines

METAL PROCESSING SYSTEMS, INC. (100%)
Import and sale of metal processing machines

OAC INC. (40.0%)
Sales of ultraviolet exposure equipment and related parts

NIMAC AMERICA, INC. (100%)
Sale of marine equipment

NIASCO AMERICA CORP. (100%)
Export of aerospace systems/parts

THAILAND

ASIAN TRADE & LEASING CO., LTD. (65.0%)
Multifinance services

GN LEASING CO., LTD. (30.0%)
Sale of motorcycles by installment

AUTRANS (THAILAND) CO., LTD. (65.0%)
Warehousing and transport operations

INDONESIA

P.T. MAHARAJA ARTHASTAR INDONESIA FINANCE (85.0%)
Multifinance services

P.T. ARTHACAKRA MULTIFINANCE (85.0%)
Automobile leasing

SINGAPORE

NI OFFSHORE TRADE & INVESTMENT PTE., LTD. (100%)
Investment and trading offshore oil & gas development related facilities and equipment

ASIA CABLE ENGINEERING CO., PTE., LTD. (25.9%)
Cable outfitting and connection operations

HOWA MACHINERY SINGAPORE PTE., LTD. (39.0%)
Import and sales of machine tools, and customer service

VENEZUELA

MMC AUTOMOTRIZ, S.A. (90.5%)
Mitsubishi and Hyundai auto import, assembly and distribution

GERMANY

ORC MANUFACTURING VERTRIEBS GMBH (40.0%)
Ultraviolet exposure equipment sales

BELGIUM

MAZAK NISSHO IWAI EUROPE N.V./S.A. (85.0%)
CO_2 laser processing machine sales

FRANCE

MAZAK LASER FRANCE S.A.R.L. (99.0%)
CO_2 laser processing machine sales

ITALY

MAZAK LASER ITALIA S.R.L. (99.0%)
CO_2 laser processing machine sales

SPAIN

KIA MOTORS ESPANA, S.A. (51.0%)
Distribution of Kia automobiles

MALAYSIA

KAWASAKI MOTORS HOLDING (MALAYSIA) SDN., BHD. (20.0%)
Holding company of Kawasaki Motorcycles manufacturing plant

THE PHILIPPINES

AICHI FORGING COMPANY OF ASIA, INC. (23.3%)
Manufacture and sale of steel forging parts

ASIAN TRANSMISSION CORP. (5.3%)
Transmission manufacturing and Engine Assembly

MITSUBISHI MOTORS PHILIPPINES CORP. (49.0%)
Mitsubishi auto import, assembly and distribution

AUTRANS PHILIPPINES CORP. (80.0%)
Warehousing and transport operations

VIETNAM

VIETNAM SUZUKI CORP. (35.0%)
Suzuki automobile and motorcycle manufacturing and sales

RUSSIA

SUBARU MOTOR LLC. (51.0%)
Distributor of Subaru automobiles

IRELAND

SUNROCK AIRCRAFT CORPORATION LTD. (100%)
Aircraft operating leasing

Metals Company

JAPAN

ASAMI STEEL SERVICE CORP. (97.6%)
Processing and sale of thin steel sheet

ARIAKE STEEL CENTER CO., LTD. (70.0%)
Steel sheet and bar processing and warehousing

ALTOWN CORP. (100%)
Sale and maintenance of automobiles

NISSHO IWAI STEEL TRADE CO., LTD. (100%)
Export/import of steel products

NI STAINLESS CENTER CO., LTD. (77.5%)
Processing and sale of stainless steel sheet

NI ALLOY STEEL CO., LTD. (90.0%)
Processing and sale of special steel sheet

NI-METAL CO., LTD. (100%)
Delivery service operations

KYUSHU STEEL CORP. (55.0%)
Steel bar manufacturing and sales

KOMATSUGAWA KOKI K.K. (100%)
Light-gauge steel rolling

SUNROCK OYODO CO., LTD. (66.8%)
Wire product manufacturing

SUZUYASU CORP. (83.3%)
Steel product sales

SUZUYASU TRANSPORT (100%)
Truck-transport cargo distribution

TEIMO CO., LTD. (100%)
Wire gauge manufacturing

TOKAI STEEL CORP. (90.0%)
Steel bar manufacturing and sales

NIK METAL CORP. (95.9%)
Steel product sales

NISSHO IWAI STRUCTURAL STEEL CO., LTD. (100%)
Structural steel sales

NI STEEL PRODUCTS CO., LTD. (95.0%)
Steel product wholesaling

NISSHO IWAI STEEL LEASING CO., LTD. (39.4%)
Construction material leasing

HAMAMATSU KOHAN KAKO CO., LTD. (83.3%)
Steel sheet shearing and slitting

FUJI-SUSTECH CO., LTD. (50.0%)
Stainless Scrap Dealer

UNICON CO., LTD. (100%)
Pail can manufacturing

UNIVERSAL PRINT CORP. (100%)
Print processing for cans

WATAEI STEEL CO., LTD. (99.9%)
Steel product sales

NI KINZOKU KOGYO (100%)
Manufacture and sale of metal construction parts and external wall materials

FIRST HANDS CORP. (79.0%)
Sale of semiconductors and other electronic devices

AIKI TEKKO HANBAI CO., LTD. (40.0%)
Steel product sales

ARAYA SPECIAL METAL CO., LTD. (40.0%)
Sale of steel pipes

IMARI STEEL CENTER CO., LTD. (40.0%)
Processing, sale and warehousing of steel

CANOX CORP. (38.7%)
Steel product sales

KONDO STEEL WIRE CO., LTD. (34.0%)
Manufacture of parts for industrial chains

SHINKO KOHAN KAKO, LTD. (25.0%)
Steel service center

SHINKO CORP. (17.5%)
Specialized trader of stainless steel

SHINSEI KOGYO CO., LTD. (38.4%)
Wire processing and sales

TECHNO STEEL CORP. (36.1%)
Various rolled products and flat bar manufacturing and sales

TOPURA CO., LTD. (21.9%)
Manufacture and sale of screws and bolts

TTC CO., LTD. (49.0%)
Manufacture and sale of screws and bolts

MAXIS CORP. (24.9%)
Sale of special steel products

METAL ART CORP. (22.5%)
Steel forging

SANWA STEEL CO., LTD. (18.8%)
Coil center

MASUYA CO., LTD. (18.8%)
Cutting and sale of stainless steel

U.S.A.

ALLOY TOOL STEEL, INC. (61.7%)
Distributor and processor of alloy steel

NIAC STEEL SALES, INC. (100%)
Distributor of steel pipes

MARUICHI AMERICAN CORP. (25.0%)
Steel pipe manufacturing and sales

TWN FASTENER INC. (26.5%)
Construction and industrial fastener manufacturing and sales

CANADA

MONZEN STEEL INC. (100%)
Steel service centers

MEXICO

NICOMETAL MEXICANA, S.A. DE C.V. (100%)
Process and sale of steel sheet

THAILAND

MAHAJAK KYODO CO., LTD. (25.0%)
Cold Finished Bar Manufacturing

NI STEEL SALES (THAILAND) CO., LTD. (90.0%)
Sale of steel products

VIETNAM

VINANIC STEEL PROCESSING CO. (36.7%)
Cutting and processing of steel sheet

MALAYSIA

COLD PARTS (MALAYSIA) SDN., BHD. (100%)
Marketing and sales of OA/AV parts

NICOM STEEL CENTRE (MALAYSIA) SDN., BHD. (82.5%)
Steel coil and sheet processing and sales

SUNROCK STEEL CENTRE (MALAYSIA) SDN., BHD. (90.0%)
Steel coil and sheet processing and sales

SINGAPORE

SINGAPORE ELECTRICAL STEEL SERVICES PTE., LTD. (70.0%)
Electrical steel processing and sales

INDONESIA

P.T. INDONESIA STEEL TUBE WORKS LTD. (66.7%)
Steel tube manufacturing and sales

P.T. IRON WIRE WORKS INDONESIA (50.0%)
Steel wire manufacturing

P.T. SESS INDONESIA (80.0%)
Steel stamping

P.T. PAIDO INDONESIA (40.0%)
Steel sheet processing center for automobiles and consumer electronics

KOREA

MASAN STEEL TUBE WORKS CO., LTD. (44.9%)
Steel pipe manufacturing and sales

CHINA

NIFAST (SHANGHAI) CO., LTD. (100%)
Secondary iron rod products

SHANGHAI JIARI PRECISE STEEL SHEET PRODUCTS CO., LTD. (68.5%)
Processing and sales of steel plates

SHUNDE HUA RI STEEL COIL CENTER CO., LTD. (100%)
Steel service center

TIANJIN RIHUA STEEL PRODUCTS CO., LTD. (70.0%)
Processing and sales of steel plates

MID-CONTINENT TUBULAR LTD. (50.0%)
Sale of oil well pipe equipment

HAINAN HAIWOO TINPLATE INDUSTRY CO., LTD. (18.0%)
Manufacture and sale of tinplate for steel can

SINO-FOREIGA JOINT NANJING BAORI WIRE PRODUCTS MFG., CO., LTD. (30.0%)
Secondary rod processing

Energy & Mineral Resources Company

JAPAN

CREATIVE DIECAST CORP. (100%)
Manufacture and machining aluminium diecast products

NISSHO IWAI ALCONIX CORP. (35.0%)
Non-ferrous metals sales and rental

NISSHO IWAI BENTONITE CO., LTD. (81.0%)
Bentonite powder and Volclay panel sales

DAINIPPON FOIL INDUSTRIES CO., LTD. (48.4%)
Processing of food storage wrap

COALINQ CORP. (33.3%)
Coal trading portal site

TOKYO YUSO CORP. (100%)
Warehousing and tank leasing

NISSHO IWAI PETROLEUM CORP. (89.7%)
Petroleum product and LPG sales

NISSHO IWAI PETROLEUM GAS CORP. (30.0%)
LPG import and sales

NISSHO KOYU CO., LTD. (57.3%)
Petroleum product sales

JECT CORPORATION (100%)
Petroleum products sales

E-ENERGY CORP. (100%)
Nuclear fuel and equipment sales

LNG JAPAN CORPORATION (50.0%)
LNG business and related investments

U.S.A.

STRATEGIC MINERALS CORP. (25.0%)
Vanadium production and sales

CANADA

NISSHO IWAI COAL DEVELOPMENT (CANADA) LTD. (100%)
Coal mining

NISSHO IWAI MOLY RESOURCES, INC. (100%)
Molybdenum mining

MEXICO

SANOH INDUSTRIAL DE MEXICO, S.A. DE C.V. (20.0%)
Mobile-tube manufacturing

FRANCE

NISSHIN FRANCE S.A. (20.0%)
Stockholder and management company of SOCIETE LE MICKEL-SLN

CZECH

NIKOM, A.S. (30.0%)
Ferrovanadium production and sales

VIETNAM

VIETNAM JAPAN ALUMINIUM CO., LTD. (42.0%)
Aluminum extrusion products manufacturing and sales

SINGAPORE

NISSHIN INDUSTRY (SINGAPORE) PTE., LTD. (100%)
Copper tripod manufacturing

NISSHO IWAI PETROLEUM CO., (SINGAPORE) PTE., LTD. (100%)
Crude oil/oil products trading

AUSTRALIA

NISSHO IWAI RESOUCES (AUSTRALIA) PTY., LTD. (100%)
Alumina production and sales

CATHERINE HILL RESOURCES PTY., LTD. (100%)
Coal mining

KOBE ALUMINA ASSOCIATES (AUSTRALIA) PTY., LTD. (35.0%)
Alumina production and sales

WINNIN PTY., LTD. (100%)
Coal mining

WINVIEW PTY., LTD. (100%)
Coal mining

CHINA

KAWAMURA PRECISION MATERIA (WUXI) CO., LTD. (49.0%)
Manufacture and sale of capillary tube for refrigerators and air conditioners

Foods & Consumer Products Company

JAPAN

NISSHO IWAI PAPER AND PULP CORP. (33.6%)
Import/export and wholesaling of paper and pulp

NISSHO IWAI GENERAL MERCHANDISE CORP. (100%)
Import and wholesaling of cigarettes and general merchandise

BEISEI INC. (100%)
Import tobacco leaf

SEAFESTA CORP. (100%)
Sale of marine products for the domestic market

NISSHO IWAI FOODS CORP. (100%)
Wholesaling of sugar and foodstuff

NISSHO IWAI MEAT AND AGRI-PRODUCTS CORP. (82.1%)
Wholesaling of meat and prepared foods

NEW NOZAWA FOODS CORP. (100%)
Wholesale, polish and sale of rice

K.K. NIF (20.0%)
Sale of processed foods

SHIKISHIMA STARCH MFG. CO., LTD. (15.0%)
Manufacture of starch and sweetener

SHINSHU HAM CO., LTD. (37.1%)
Manufacture of ham and sausage

FUJI NIHON SEITO CORPORATION (26.0%)
Sugar refining, developing sugar-related products and others

MASUDAYA FOODS CORP. (30.0%)
Wholesale of wheat flour and rice

UNITEC FOODS CO., LTD. (100%)
Wholesaling of food additives and others

THE CHUO WOOLEN MILLS, LTD. (27.4%)
Wool spinning and weaving

N.I. TEIJIN SHOJI CO., LTD. (28.0%)
Textile trading

QUI NHON PLANTATION CO., LTD. (39.0%)
Afforestation in Vietnam

THAILAND

SNB AGRIPRODUCTS LTD. (29.0%)
Crude rice bran oil production and sales

VIETNAM

VIETNAM-JAPAN CHIP CORP. (60.0%)
Afforestation and wood chip manufacture

VIETNAM-JAPAN CHIP VUNG ANG CORP. (60.0%)
Afforestation and wood chip manufacture

AUSTRALIA

GREEN TRIANGLE PLANTATION FOREST COMPANY OF AUSTRALIA PTY., LTD. (29.0%)
Afforestation

EAST VICTORIA PLANTATION FOREST COMPANY OF AUSTRALIA PTY., LTD. (29.0%)
Afforestation

Chemicals & Housing Materials Company

JAPAN

DAIICHI KASEI CO., LTD. (90.3%)
Precision molding and assembly

NI TECHNOPLAS CO., LTD. (60.0%)
Coloring and processing of ABS synthetic resin

TAIHO FILM MANUFACTURING CO., LTD. (65.0%)
Manufacture and sale of polyethylene film

TAKAICHI CO., LTD. (42.1%)
Polyethylene film manufacturing

FUJI KAKO CO., LTD. (39.1%)
Plastic pipe manufacturing and sales

SAMBOW PLASTICS CO., LTD. (97.6%)
Vinyl chloride product manufacturing and sales

TAIYO CHEMICAL INDUSTRY CO., LTD. (73.3%)
Vinyl chloride film manufacturing and sales

TAFUNIC CO., LTD. (100%)
Manufacture and sale of agricultural film

JAPAN WAVELOCK CO., LTD. (20.6%)
Plastics and textiles processing

NISSHO IWAI CEMENT CORP. (50.5%)
Wholesaling of cement, ready-mixed concrete, and other building materials

YAHATA CONCRETE CO., LTD. (100%)
Manufacture and sale of ready-mixed concrete

YAHATA READY MIXED CONCRETE CO., LTD. (100%)
Manufacture and sale of ready-mixed concrete

TOKUYAMA TSUSHO CORP. (30.0%)
Wholesaling of cement, ready-mixed concrete, and other building materials

PLA-NET HOLDINGS, INC. (20.4%)
Holding company of NISSHO IWAI PLASTIC CORP.

GLOBAL CHEMICAL HOLDINGS, INC. (50.0%)
Holding company of NISSHO IWAI CHEMICAL CORP.

NISSHO IWAI HOUSING MATERIALS CORP. (100%)
Sale and wholesale of lumber materials

NCN CO., LTD. (20.8%)
Construction contracting for three-story wood-construction homes

OKAMURA SANKO CO., LTD. (33.5%)
Lumber and sale of building materials

SUN BUILDING MATERIALS CORP. (51.0%)
Wholesaling of building materials

SUZUKEN CORP. (90.9%)
Processing and wholesaling of lumber and housing materials

TAKEHARA KOGYO CO., LTD. (50.0%)
Processing of lumber; manufacture and sale of particleboard

NIPPON CROWN HOUSE CO., LTD. (100%)
Sale of wood-frame housing construction materials

YOSHIMOTO RINGYO CO., LTD. (100%)
Processing and wholesaling of lumber and housing materials

KOHOKU VENEER CO., LTD. (20.1%)
Manufacture of plywood

N.N. BUILDING MATERIALS CORP. (100%)
Wholesaling of building materials

U.S.A.

IKKA TECHNOLOGY INC. (100%)
Manufacturing and sales of plastic parts and components

NATIONAL PIPE & PLASTICS, INC. (100%)
PVC pipe manufacturing and sales

PORTUGAL

NEMOTO PORTUGAL-QUMICA FINA, LDA. (38.5%)
Nonorganic fluorescent pigment manufacturing and sales

THAILAND

MC INDUSTRIAL CHEMICAL CO., LTD. (92.8%)
Chemicals importing and sales

THAI CENTRAL CHEMICAL PUBLIC CO., LTD. (83.6%)
Fertilizer production and sales

THAI GCI RESITOP CO., LTD. (39.8%)
Phenol resin manufacturing and sales

VIETNAM

JAPAN VIETNAM FERTILIZER COMPANY (60.4%)
Production and sale of compound fertilizer

PTN CHEMICALS COMPANY LTD. (20.0%)
Raw material of detergent alky-benzene salphonic acid manufacturing and sales

MALAYSIA

SAMLING FIBRE BOARD SDN., BHD. (30.0%)
MDF manufacturing

SAMLING PLYWOOD (MIRI) SDN., BHD. (40.0%)
Plywood manufacturing

THE PHILIPPINES

AFC FERTILIZER AND CHEMICALS, INC. (100%)
Fertilizer production and sales

INDONESIA

P.T. KALTIM METHANOL INDUSTRI (85.0%)
Manufacture and sale of methanol

P.T. MITRA MUTIARA WOODTECH (65.0%)
Wooden interior products manufacturing

AUSTRALIA

NISSHO IWAI MINERAL SANDS (AUSTRALIA) PTY., LTD. (100%)
Mineral resource development, production and sales

KOREA

N.I. AGROSCIENCE CORP. (100%)
Promotion control for pesticide sales

CHINA

TIANJIN SUNSHINE PLASTICS CO., LTD. (35.0%)
BOPP film manufacturing and sales

YINGKOU QUNXING SILICON CARBIDE CO., LTD. (25.0%)
Pulverization of silicon carbide ceramic

Construction & Urban Development Company

JAPAN

NISSHO IWAI REAL ESTATE CORP. (100%)
Real estate development, sales, and brokerage

NI COMMUNITY CORP. (50.0%)
General maintenance of buildings and condominiums

NICHIMEN NISSHO IWAI REALNET CORP. (50.0%)
Realtor; sales of private housing

YAMAGATA NEW CITY DEVELOPMENT CORP. (100%)
Real estate development and sales

SUNROCK DEVELOPMENT INC. (100%)
Hotel management and real estate development

CHELSEA JAPAN CO., LTD. (30.0%)
Development and operation of outlet center

KYUSHU URBAN DEVELOPMENT CORP. (17.3%)
Hotel management

TAKARAZUKA KAIHATSU CO., LTD. (50.0%)
Condominium development and sales

VIETNAM

THE LONG BINH DEVELOPMENT INDUSTRIAL ZONE JOINT VENTURE (60.0%)
Owning, operating and sales of industrial park near Ho Chi Minh, Vietnam

Others

JAPAN

NISSHO IWAI PROFESSIONAL SERVICES, LTD. (100%)
Finance and accounting, legal services, credit and risk management, human resources and general affairs administration, IT solutions, managerial information services, and others

NISSHO IWAI RESEARCH INSTITUTE, LTD. (100%)
Research and consulting

WORLD LEASING CORP. (100%)
Leasing

NI TOURIST CORP. (100%)
Travel agency

EBISTRADE. INC. (59.6%)
Integrated e-marketplace making company

F R C INC. (55.0%)
Real estate rental management operations

TOYO METAL SERVICE CORP. (100%)
Sale of raw materials for steel mills

NISSHO IWAI KYUSHU CORP. (100%)
Wholesaling

FUKUOKA ENERGY COMMUNICATION (50.2%)
Supply and sale of heat for regional air-conditioning and hot water boilers

SHIKOKU NI CORP. (100%)
Manufacture and sales of steel

NISSHO IWAI SHIKOKU CORP. (100%)
Wholesaling

NISSHO IWAI TOHOKU CORP. (100%)
Wholesaling

NISSHO IWAI NISHINIHON CORP. (100%)
Wholesaling

NISSHO IWAI HIGASHINIHON CORP. (100%)
Wholesaling

NISSHO IWAI HOKKAIDO CORP. (97.0%)
Wholesaling

NISHIMOTO SANGYO CORP. (97.0%)
Steel product sales

SANPUKU SHOJI CO., LTD. (100%)
Wholesaling of construction materials

NI-OVICO CORP. (82.4%)
Sale and leasing of steel

NI-FUJIX CO., LTD. (50.0%)
Sale of building materials and leasing of temporary construction materials

NISSHO IWAI LOGISTICS CORP. (93.7%)
International and domestic logistics services

NIKKYO TRANSPORTATION AND WAREHOUSING CO., LTD. (100%)
Transportation and warehousing

FUNABASHI REIZO CENTER CO., LTD. (24.7%)
Warehousing

NISSHO IWAI FTX HOLDINGS CORPORATION (100%)
Administration of the Nissho Iwai Group's financing businesses

SUNROCK INSURANCE BROKERS CO., LTD. (100%)
Insurance broker and consultant

NISSHO IWAI INSURANCE AGENCY CORP. (100%)
Insurance agency

NISSHO IWAI COMMODITIES CORP. (100%)
Commodities & financial products trader

NISSHO IWAI FINANCIAL LINK CORP. (100%)
Financial business operation

NISSHO IWAI FUTURES INC. (100%)
Futures commission merchant

NISSHO IWAI SECURITIES CO., LTD. (100%)
Investment advisory business

NISSHO IWAI ASSET MANAGEMENT LTD. (100%)
Asset management

HOUSE SOLUTION CORP. (75.0%)
Warranty for housing

ITX CORPORATION (45.7%)
New business development, and investment and expansion

IT TELECOM, INC. (94.1%)
Sales of mobile communication equipment and related services

UIEVOLUTION INC. (16.5%)
Development of mobile technology

NISSHO ELECTRONICS CORPORATION (51.1%)
Network integration

ATLUX CORPORATION (100%)
Development of database-drive services

NIPPON OUTSOURCING CORPORATION (100%)
Provision of management-related services

NGC CORPORATION (100%)
Comprehensive graphic solutions

COLLABOS CORPORATION (85.2%)
Provision of customer-relationship management (CRM) solutions

SMARTLINK CORPORATION (51.6%)
Total e-Learning solutions

TECHMATRIX CORPORATION (61.7%)
Specialist in information technology-related services

NET PROTECTIONS, INC. (67.0%)
Account settlement and distribution for e-Commerce

FUSION COMMUNICATIONS CORPORATION (59.4%)
Type 1 telecommunications carrier

PROMOTIONS CORPORATION (100%)
Provision of online marketing solutions

INFOCOM CORPORATION (29.6%)
Integration services for information-communication systems

NTT DATA 3C CORPORATION (70.0%)
Outsourced call-center services

NTT VIETNAM CORPORATION (30.0%)
Operational and management guidance for telecommunications in Vietnam

PHOTOHIGHWAY JAPAN (17.2%)
Digital-photo online-portal services

MARKANY JAPAN CORPORATION (34.0%)
Supporting copyright protection and digital content management

RISKMONSTER.COM (72.4%)
Preliminary assessment services for B2B site-management enterprises

DIDS CORPORATION (88.0%)
Marketing research and interactive-content planning for BS/CS digital broadcasting, the Internet and mobile phones

CABLE NETWORKS AKITA CO., LTD. (30.8%)
Cable-TV broadcasting

KITA CABLE NETWORK, INC. (25.0%)
Cable-TV broadcasting

CABLENET SAITAMA CO., LTD. (15.7%)
Cable-TV broadcasting

TOSHIMA CABLE NETWORK CO., LTD. (32.1%)
Cable-TV broadcasting

HINO CABLE TELEVISION INC. (16.6%)
Cable-TV broadcasting

PAY PER VIEW JAPAN, INC. (15.0%)
Entertainment broadcasting

MOVIE CHANNEL INC. (19.9%)
Distribution of movie channels

TOKYO DEN-ON CO., LTD. (50.3%)
Manufacture of electronic components

ITX E-GLOBALEDGE CORPORATION (100%)
Provision of IT solutions

DIGITAL ARKS CORPORATION (86.7%)
Data storage, management and operational support in medical facilities

BIOX CORPORATION (43.7%)
Development of diagnostic equipment

U.S.A.

FEDERATED CAPITAL CORP. (100%)
Vendor leasing

N.I. LOGISTICS AMERICAN CORP. (100%)
Global logistics including international and domestic transportation to third parties

SUNROCK CAPITAL CORP. (100%)
Property-secured financing

N-I ENERGY DEVELOPMENT, INC. (100%)
Sale of oil-well and line piping, and investment and finance on energy-related projects

SUNROCK RISK SERVICES CORP. (100%)
Specialized insurance agent

AIRSHIP MANAGEMENT SERVICES, INC. (24.9%)
Operation of aircraft

RICHARD LEWIS COMMUNICATIONS, INC. (40.0%)
Public relations, advertising & marketing service agency

SPECIALTY GRAINS, INC. (49.0%)
Production of special corn and soybeans for use in Japan

BERWICK STEEL COMPANY (100%)
Steel service center

NIFAST CORP. (100%)
Fastener sales

N.I. MOTORS U.S.A. INC. (100%)
Holding company of automobile dealers

WEATHERFORD MOTORS, INC. (100%)
Dealer of automobiles

AUTRANS CORP. (93.0%)
Transportation and distribution of auto parts

ENTREPIA, INC. (95.2%)
Investing

SUNROCK INSURANCE BROKERS (U.S.A.) INC. (100%)
Insurance broker and consultant

TACT ASSET MANAGEMENT, INC. (100%)
Private investment advisor

CANADA

INGERSOLL MONZEN INC. (100%)
Warehouse service for auto parts

NIFAST CANADA CORP. (100%)
Distributor of bolts, nuts and fasteners

GUATEMALA

PILONCITO VERDE S.A. (37.5%)
Production of vegetable plugs

U.K.

NI TUBULARS (UK) LTD. (100%)
Sale of pipes

AUTRANS EUROPE LTD. (29.3%)
Automobile parts distribution

NISSHO IWAI INTERNATIONAL FINANCE PLC (100%)
Financial services

NORWAY

I O S TUBULAR MANAGEMENT AS (33.3%)
Oil well pipe handling

THAILAND

UNITED THAI LOGISTICS CO., LTD. (31.4%)
Transport and warehousing

SINGAPORE

NISSHO IWAI CAPITAL ASIA PTE., LTD. (100%)
Financial services

UNIMAX INSURANCE PTE., LTD. (100%)
Reinsurance underwriting

TAIWAN

TNS LOGISTICS CORP. (20.0%)
Warehousing and logistics operations

CHINA

SHENZHEN AERO-FASTENERS CO., LTD. (39.0%)
Manufacture and sale of high-grade screws

SUNROCK INTERNATIONAL CO., LTD. (100%)
Insurance broker

Nissho Iwai Professional Services, Ltd.

SUSUMU TSUCHIDA
President & CEO

Implementing Business Process Reforms

In line with our Medium-Term Management Plan 2005, we determined to carry out business process reforms as a keynote of the renovated Group management system that we aim to achieve through the Plan.

To put this policy into action, we planned a new independent company with the purpose of intensifying the reforms in back-office or business-support operation's work process.

This company, with a design based on the so-called Shared Services Center, and staffed with approximately 540 employees, was launched as of April 1, 2002 under the name of Nissho Iwai Professional Services, Ltd., or **NIPROS**.

We actually had several similar companies respectively in charge of finance and accounting, personnel and general affairs, legal matters, credit, and other functions, but NIPROS was needed to centralize those functions to attain more comprehensive ability to provide “professional services”.

As a result, a major part of our administrative personnel was shifted to NIPROS, leaving minimal functions and organization at headquarters.

The company is divided into eight groups as outlined on the next page.

Each group leader is strongly committed to promoting the improvement of work process as well as low-cost operations. At the same time, the groups are encouraged to enhance the ability to provide value-added services through flexible and multilateral collaborations among themselves, while using every means possible to eliminate redundant work within the Group.

Aiming to Become “One-Stop Solution Provider”

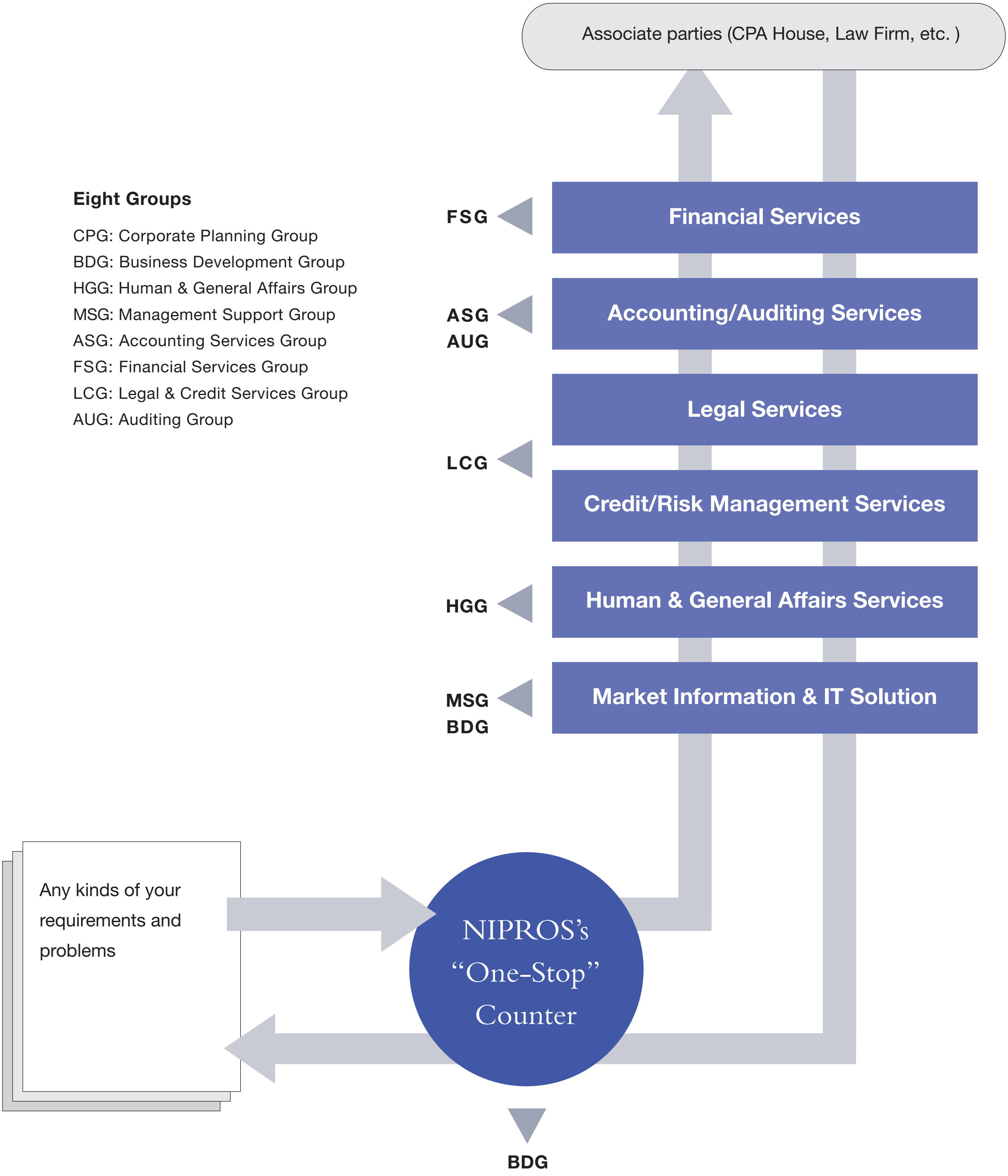
We see other trading companies also working toward independent management of back-office service functions by category, such as accounting, finance, legal matters, and so on. The business model of NIPROS, however, is distinct in terms of its comprehensive capabilities to provide various services in a "one-stop" method, being invested with almost all service functions and experiences.

For many years we have been accumulating skills, knowledge and experience in supporting trading activities and finding the best solutions.

NIPROS, while continuing to support Nissho Iwai's businesses, tries to incorporate market mechanism in its organization, and aims to become a "One-Stop Solution Provider" offering a comprehensive range of professional services to benefit domestic and overseas companies within and also beyond Nissho Iwai Group.

Eight Groups

CPG: Corporate Planning Group
BDG: Business Development Group
HGG: Human & General Affairs Group
MSG: Management Support Group
ASG: Accounting Services Group
FSG: Financial Services Group
LCG: Legal & Credit Services Group
AUG: Auditing Group



Overseas Operations

Nissho Iwai is developing its overseas operations based on expansion in the Americas, Europe and Asia. Centered on businesses in these core regions, we are strengthening offshore operations, bolstering transactions within each region, and promoting regionally generated businesses.

The overseas operations of the Corporate headquarters span the entire globe, with a particular focus on the Americas, Europe, Asia and the Middle East.

In 2001, Nissho Iwai American Corporation and Nissho Iwai Europe plc. were reorganized into Regional Holding & Management Companies (RHMCs), giving each president direct responsibility for management of the region. We are currently preparing to establish RHMCs for Southeast Asia, and plan to convert our Beijing Liaison Office into a company in the fiscal year ending March 31, 2004.

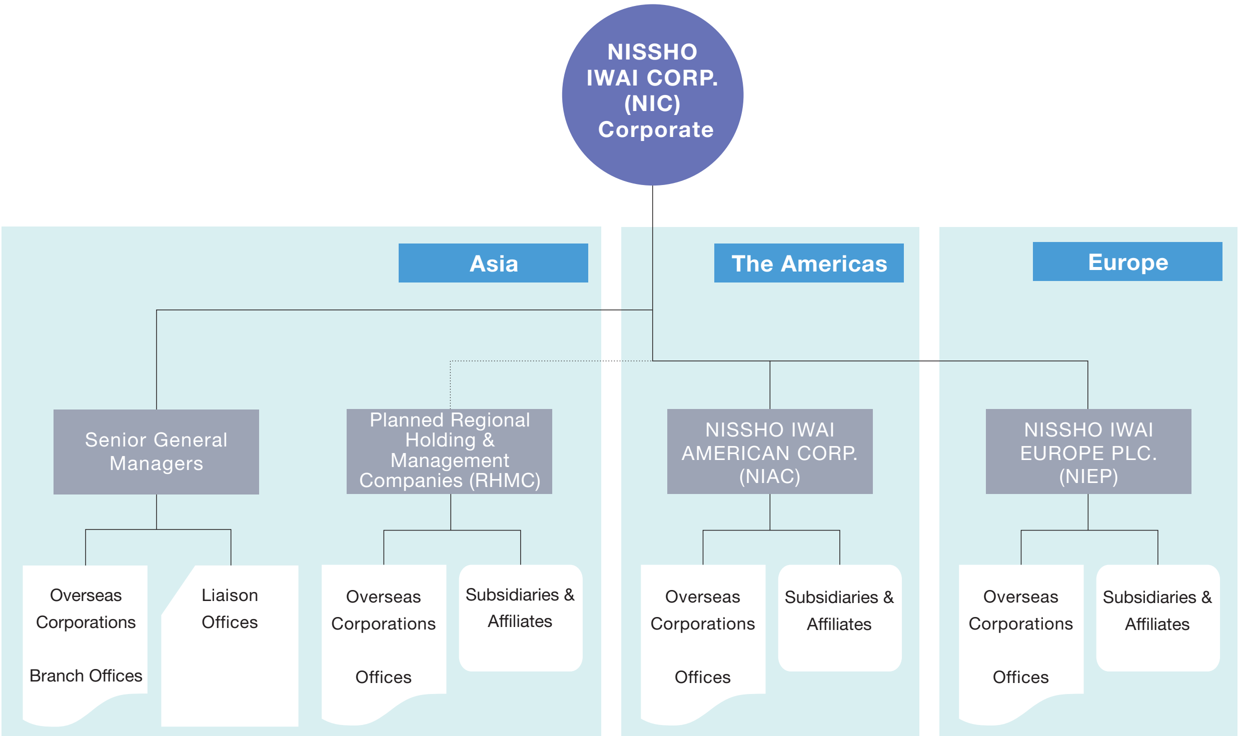
The RHMCs independently manage their region with the same level of authority as granted to the division companies in Japan. The regional companies possess their own regional risk-management systems, personnel and valuation systems, as well as intranet information systems. Furthermore, the RHMCs hold management rights under their umbrella—including budgeting, approval of financial statements, treatment of unallocated retained earnings and deficits, and ability to increase or reduce capital—and perform administrative accounting for each trading division.

Without having to go through the Nissho Iwai head office, these RHMCs operate under the basic management principle of “From/To Market,” which seeks to encourage growth in transactions among various demand and supply regions around the world.

As a consequence, we are moving forward with a broad range of personnel measures, including boosting the role of staff stationed abroad, introducing salary, valuation and promotion systems on a per-region basis, offering educational courses for nurturing candidates for management at the head office, and employing new candidates in management positions at overseas companies. We also plan dispatches of staff as representatives from companies in the United States to be stationed in China, or from Vietnam to the United States, among other exchanges.

Designating Asia as a priority market, we have emphasized the allocation of management resources in China, which has obtained admittance to the World Trade Organization (WTO). To create new businesses, we are dispatching strategic personnel from Corporate Headquarters to promising regions in Southeast Asia, China and the Middle East.

Tripolar Management



HIROSHI KANEMATSU

General Manager for South-East Asia

SEKIO HARA

General Manager for China

TERUO MATSUMURA

President & CEO, Nissho Iwai American Corporation

KAZUO SEKIKAWA

General Manager for Europe and Africa; Managing Director, Nissho Iwai Europe plc.

Directors, Auditors and Executive Officers As of July 1, 2002

DIRECTORS (*Representative Director)

Shiro Yasutake *
Chairman

Hidetoshi Nishimura *

Masanobu Kondo *

Tomoyoshi Kondo *

Susumu Tsuchida *

Tokuichi Yamaguchi *

Kenichi Minami

CORPORATE AUDITORS

Toma Masaoka

Hirohiko Kitazawa

Masaji Shinagawa

Toshijiro Nakajima

EXECUTIVE OFFICERS (**Director)

PRESIDENT & CEO

Hidetoshi Nishimura **

EXECUTIVE VICE PRESIDENT

Masanobu Kondo **

Tomoyoshi Kondo **

SENIOR MANAGING EXECUTIVE OFFICER

Susumu Tsuchida **	Internal Auditing Office; Corporate Administration Unit; President, Nissho Iwai Professional Services, Ltd.
Tokuichi Yamaguchi **	PR Office; IR office; New Business Unit; Corporate Planning Unit
Masashi Mizutani	President, Metals Company
Kunihide Izumi	President, Machinery Company
Ryuji Hori	Kansai Region

MANAGING EXECUTIVE OFFICER

Sekio Hara	General Manager for China
Teruo Matsumura	President & CEO, Nissho Iwai American Corporation
Akitoshi Ueno	President, Construction & Urban Development Company
Kazuo Sekikawa	General Manager for Europe & Africa; Managing Director, Nissho Iwai Europe plc.
Hiroyuki Tanabe	President, Energy & Mineral Resources Company
Katsutoshi Matsui	General Manager, Business Development Group, Nissho Iwai Professional Services, Ltd.
Kenichi Minami **	Strategy Promotion Dept.; Corporate Planning Unit; General Manager, Corporate Planning Unit
Keijiro Hori	General Manager, Corporate Administration Unit
Yasuyuki Fujishima	Nissho Iwai Research Institure; General Manager, New Business Unit

EXECUTIVE OFFICER

Eisuke Takakuwa	General Manager, Management Support Group and Legal & Credit Group, Nissho Iwai Professional Services, Ltd.
Hiroshi Kanematsu	General Manager for South-East Asia
Susumu Komori	Senior Vice President, Metals Company
Yoshiomi Yuasa	Senior Vice President, Metals Company
Eigoro Kuniyoshi	General Manager for the Greater Mekong Subregion; President, Nissho Iwai (Thailand) Limited Partnership
Yutaka Kase	President, Chemicals & Housing Materials Company
Satoshi Nagakubo	General Manager, Human & General Affairs Group, Nissho Iwai Professional Services, Ltd.
Kazunori Teraoka	Senior Vice President, Machinery Company
Eiji Okawa	Finance
Joji Wada	General Manager, Secretariat Office
Nobuaki Ito	President, Foods & Consumer Products Company
Shinobu Kawato	President, Nissho Iwai Marine Corportion
Toshimasa Dohi	Senior Vice President, Construction & Urban Development Company
Jun Matsumoto	EVP & COO, Group Executive for Machinery Industry Group, Nissho Iwai American Corporation

Global Environment and Social Contribution Activities

Afforestation activities play a significant role in prevention of global warming due to CO_2 fixation, preservation of the ecologies of kangaroos and koala bears, and the prevention of land erosion and salt injury. Our activities are in line with the Company's slogan, “More for the World.”

Acting as a member of international society, our in-house volunteer group, the Nissho Iwai Tradepia Club, has lent a helping hand to starving and ill-stricken children around the world since April 1, 1993. Nissho Iwai employees spontaneously organized the Nissho Iwai Tradepia Club in the hope of contributing what they could to make the world a better place. To this day the Nissho Iwai Tradepia Club continues in this endeavor.

In line with these efforts, Nissho Iwai created new employee identification badges with a built-in credit-card function for making contributions when the move was made to the new Tokyo headquarters in March 2001. Whenever the credit card contained in the employee identification badge is used, a preset percentage of the charged amount is automatically donated to the environmental preservation group Conservation International (CI), which is located in Washington D.C. in the United States.

This system originated in 1994 in cooperation with JCB Co., Ltd. through an original credit card called Tradepia Club Card by which 0.5% of the charged amount was donated to CI. Since the card was issued in 1994, approximately 600 people have used it, ringing up approximately ¥4.5 million in donations. From March 2001, in cooperation with UC Card Co., Ltd., approximately 3,000 employees, including those at subsidiaries, use the credit card as an employee identification badge. In fiscal 2001, 0.5% of total transactions on the credit card/employee identification badge were donated to CI.

We engage in the following activities as a part of our contribution to preserving the environment:

1. In February 2002, affiliated company Green Triangle Plantation Forest Company of Australia Pty. Ltd., in cooperation with Oji Paper Co., Ltd., the National Institute for Environmental Studies, and Mitsubishi Research Institute, Inc., began joint research into developing a method for monitoring the carbon absorption volume of forests in Australia.
2. In the woodchip reforestation operations of the commodities group, in 2002 an Australian supplier of pine woodchips commenced efforts to acquire certification from the Forestry Stewardship Council (FSC), a forest management certifying body, and become a supplier to Nissho Iwai, and plans to acquire Chain of Custody (CoC) certification in 2002, which certifies the stringent management and sale of FSC-certified woodchips.
3. Affiliated company Ebistrade, Inc. is marketing a waste-tracking management system to companies that discharge large volumes of waste. The system monitors the waste disposal process, from the acceptance of industrial waste produced by companies at intermediate processing sites, where waste is separated and classified, to the transport of waste to final disposal sites. The system displays the status of industrial waste using an electronic manifest and images, and tracks the position of vehicles during transportation with GPS technology. Meanwhile, this data is recorded on a central server and provided to waste-producing companies over the Internet. Thanks to this system, waste-producing companies are able to confirm through images and routing data that their waste is disposed of in a proper fashion at the final disposal site, all without leaving the office.

Financial Section

Six-Year Summary

						Millions of yen	Thousands of U.S. dollars
	2002	2001	2000	1999	1998	1997	**2002**
For the years ended March 31:							
Total trading transactions	**¥5,464,524**	¥6,474,402	¥7,281,304	¥8,658,906	¥10,052,747	¥8,889,419	**$41,086,647**
Gross trading profit	**265,824**	287,731	267,719	272,899	291,332	278,538	**1,998,677**
Operating income	**49,460**	62,253	49,088	44,982	59,023	46,542	**371,880**
Net income (loss)	**1,183**	20,041	10,220	(98,542)	3,038	15,421	**8,895**
Earning power	**36,897**	39,507	29,881	35,688	55,596	45,677	**277,422**
As of March 31:							
Total assets	**¥2,957,578**	¥3,613,977	¥4,078,286	¥4,658,033	¥5,440,638	5,414,490	**$22,237,429**
Interest-bearing debt	**2,027,281**	2,543,859	2,911,034	3,376,008	3,945,353	3,823,284	**15,242,721**
Total shareholders' equity	**106,728**	120,276	182,446	166,834	269,310	270,937	**802,467**
						Yen	U.S. cents
Per share amounts:							
Net income (loss)	**¥ 1.35**	¥ 22.92	¥ 11.69	¥(112.69)	¥ 3.47	¥ 18.38	**1.02¢**
Shareholders' equity	**122.06**	137.55	208.65	190.79	307.99	309.85	**91.77**
Cash dividends	**—**	—	—	—	5.00	5.00	**—**
						%	
Ratio:							
Return on assets (ROA)	**0.04%**	0.5%	0.2%	—	0.1%	0.3%	
Return on equity (ROE)	**1.0%**	13.2%	5.9%	—	1.1%	6.4%	
Net debt/equity ratio	**17.3**	18.7	14.2	18.6	13.4	13.4	

Notes: 1. Yen amounts have been translated for convenience only, at ¥133=US$1.

2. Earning power=operating income+provision for doubtful receivables+net interest income+dividend income+equity method income

3. Operating income and earning power in fiscal 1997 were calculated based on the former accounting standard.

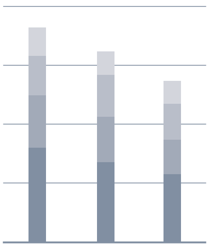
4. Foreign currency translation adjustments, which were formerly included in assets, have been included as a decrease in shareholders' equity in accordance with a change in accounting standards since the fiscal year ended March 2001. And unrealized losses on available-for-sale securities, which were incurred by applying mark-to-market accounting on other marketable securities at year-end, have been recorded in the shareholders' equity section.

Contents of Financial Section

Management's Discussion and Analysis

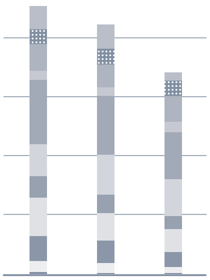
Nissho Iwai Corporation and Consolidated Subsidiaries

Transactions by Type of Trade (Billions of Yen)



	2000	2001	2002
Total	7,281 (100%)	6,474 (100%)	5,465 (100%)
Export	957 (13.1%)	798 (12.3%)	799 (14.6%)
Import	1,325 (18.2%)	1,420 (21.9%)	1,205 (22.0%)
Offshore	1,785 (24.5%)	1,527 (23.6%)	1,117 (20.5%)
Domestic	3,214 (44.2%)	2,729 (42.2%)	2,344 (42.9%)

Transactions by Type of Commodity (Billions of Yen)



	2000	2001	2002
Total	7,281 (100%)	6,474 (100%)	5,465 (100%)
Plant & project	635 (8.7%)	357 (5.5%)	210 (3.8%)
Industrial system & automotive	401 (5.5%)	429 (6.6%)	420 (7.7%)
Aerospace, marine & rolling stock	728 (10.0%)	633 (9.8%)	703 (12.9%)
Information industry	253 (3.5%)	218 (3.4%)	290 (5.3%)
Total of Machinery & information industry	2,017 (27.7%)	1,637 (25.3%)	1,623 (29.7%)
Metals	1,753 (24.1%)	1,611 (24.9%)	1,278 (23.4%)
Energy	856 (11.7%)	1,078 (16.7%)	994 (18.2%)
Chemicals	591 (8.1%)	500 (7.7%)	360 (6.6%)
Housing materials & general merchandise	1,041 (14.3%)	747 (11.5%)	623 (11.4%)
Consumer products	676 (9.3%)	611 (9.4%)	398 (7.3%)
Construction & urban development	304 (4.2%)	268 (4.2%)	173 (3.1%)
Eliminations or unallocated	43 (0.6%)	22 (0.3%)	16 (0.3%)

Overview

During the fiscal year ended March 31, 2002, Nissho Iwai Corporation (the "Company") recorded a 15.6% decrease in consolidated net sales to ¥5,464.5 billion.

Gross trading profit decreased 7.6% to ¥265.8 billion chiefly from the transfer of the non-ferrous products, textile and LNG businesses to affiliates under the equity method, in accordance with our alliance strategy. The gross trading profit ratio improved 0.42 percentage point to 4.86%, as a result of withdrawal from low-margin transactions. Operating income dropped 20.6% to ¥49.5 billion. Income before income taxes and net income decreased 67.8% and 94.1% to ¥10.0 billion and ¥1.2 billion, respectively.

The fiscal year under review was the last year of a three-year management plan aimed at streamlining assets and liabilities while reforming the revenue base to emphasize earnings contributions. The Company has made marked progress toward achieving these goals by reducing total assets by approximately ¥656.4 billion, producing a total asset reduction of ¥1,700.4 billion, exceeding its management plan target of ¥1,200 billion. Moreover, Nissho Iwai reduced interest-bearing debt (short-term debt, commercial paper, current and long-term portions of long-term debt and notes discounted) by 20.3% to ¥2,027.3 billion, with ¥1,348.8 billion in total reductions of interest-bearing debt exceeding the ¥1,200 billion target.

Consequently, the Company improved the gross trading profit ratio to 4.86% from 3.15% and operating income ratio to 0.91% from 0.52%, compared with the fiscal year ended March 31, 1999.

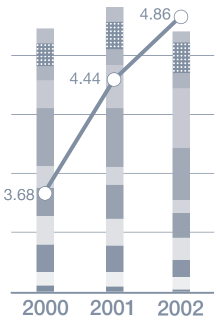
Results of Operations

Analysis of Net Sales

Net sales (total trading transactions) decreased 15.6% to ¥5,464.5 billion owing to the Company's reorganization of business portfolios, withdrawal from low-margin transactions with low capital (or asset) efficiency and reforms to the revenue structure through focus on core businesses. The depreciation of the yen against the U.S. dollar to ¥125.17 from ¥110.59 (average rates) in the previous fiscal year positively affected net sales by approximately ¥300.0 billion (exports accounting for ¥80.0 billion, imports ¥110.0 billion, and offshore transactions ¥110.0 billion).

By type of commodity, sales in the machinery & information industry category slipped 0.9% to ¥1,623.1 billion, which consisted of ¥210.7 billion in the plant & project segment, a 41.1% decline from the previous fiscal year, ¥419.8 billion in industrial system & automotive, a 2.1% decline, ¥702.6 billion in aerospace, marine & rolling stock, representing 11.0% growth, and ¥290.0 billion in the information industry segment, an increase of 32.8%. Reorganization of businesses and low-margin transactions produced a 20.7% drop in sales in the metals category to ¥1,277.7 billion. Sales in the energy category fell 7.8% to ¥993.6 billion due to restructuring in LPG and LNG operations, despite higher nuclear fuel-related exports. Sales in the chemicals category fell 28.0% to ¥360.4 billion, due to restructuring in synthetic resin operations. Sales in the housing materials & general merchandise category dropped 16.6% to ¥622.8 billion owing to lower overseas sales as well as withdrawal from low-margin transactions. Sales in the consumer

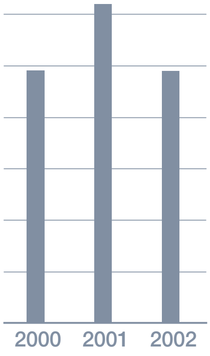
Gross Trading Profit Ratio (%)
Gross Trading Profit by Type of Commodity
(Billions of Yen)



	2000	2001	2002
Total	268 (100%)	288 (100%)	266 (100%)
Plant & project	16 (5.8%)	15 (5.1%)	11 (4.2%)
Industrial system & automotive	23 (8.7%)	28 (9.7%)	31 (11.6%)
Aerospace, marine & rolling stock	15 (5.6%)	15 (5.4%)	16 (6.1%)
Information industry	28 (10.5%)	44 (15.2%)	62 (23.1%)
Total of Machinery & information industry	82 (30.6%)	102 (35.4%)	120 (45.0%)
Metals	59 (22.0%)	60 (20.8%)	53 (19.9%)
Energy	22 (8.2%)	18 (6.2%)	13 (5.0%)
Chemicals	29 (10.8%)	35 (12.1%)	25 (9.5%)
Housing materials & general merchandise	29 (10.8%)	27 (9.3%)	23 (8.5%)
Consumer products	27 (10.1%)	27 (9.3%)	17 (6.3%)
Construction & urban development	14 (5.2%)	15 (5.2%)	13 (5.0%)
Eliminations or unallocated	6 (2.3%)	4 (1.7%)	2 (0.8%)

Operating Income
(Billions of Yen)

2000	2001	2002
49	62	49



products category fell 34.9% to ¥398.0 million as a result of restructuring in the textile business. Sales in the construction & urban development category fell 35.5% to ¥173.0 billion owing to lower domestic condominium sales.

By type of trade, exports edged up 0.2% to ¥798.9 billion chiefly from higher energy sales that offset lower performance in the machinery & information industry category. Imports decreased 15.2% to ¥1,204.5 billion due to a significant decline in the housing materials & general merchandise and energy categories. Lackluster overseas performance in the machinery & information industry and housing materials & general merchandise categories produced a 26.9% fall in offshore transactions to ¥1,117.3 billion. Domestic sales decreased 14.1% to ¥2,343.8 billion from the impact of sluggish sales in metals, consumer products and chemicals categories that outstripped gains in the machinery & information industry category.

Analysis of Net Income

Operating Income

Cost of sales dropped 16.0% to ¥5,198.7 billion owing to streamlining measures and the lower volume of sales. Accordingly, gross trading profit edged down 7.6% to ¥265.8 billion, due to a ¥24.4 billion decrease in accordance with reorganization of the business portfolio, though the Company posted income of ¥8.4 billion from the acquisition of subsidiaries in the information industry category. Despite the overall drop, the gross trading profit ratio increased 0.42 percentage point to 4.86%.

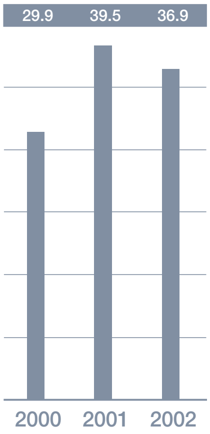
By commodity, gross trading profit in the machinery & information industry category advanced 17.5% to ¥119.6 billion due to contributions from an automotive manufacturing and sales subsidiary in South America and the effects of the acquisition of the subsidiaries in the information industry category. In detail, the plant & project segment declined 24.5% from the previous fiscal year to ¥11.1 billion, industrial system & automotive increased 10.0% to ¥30.7 billion, aerospace, marine & rolling stock grew 5.8% to ¥16.4 billion, and information industry jumped 40.5% to ¥61.4 billion.

In metals, gross trading profit decreased 12.4% to ¥52.9 billion due to worsening market conditions in Japan and restructuring in steel and non-ferrous products businesses. The energy category recorded a 26.0% fall in gross trading profit to ¥13.4 billion, due to restructuring in LPG and LNG operations. The chemicals category faced a 27.1% decline in gross trading profit to ¥25.3 billion, partially from lower earnings for polyvinyl chloride and pipes in the U.S.

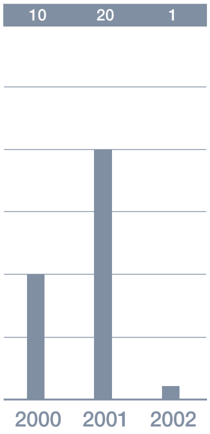
Gross trading profit in the housing materials & general merchandise category dropped 16.0% to ¥22.5 billion owing to declining profits in lumber and lumber products. The consumer products category experienced a 37.3% drop in gross trading profit to ¥16.8 billion due to restructuring in the textile business. Finally, gross trading profit in construction & urban development decreased 8.3% to ¥13.3 billion owing to lackluster sales in domestic condominiums.

Selling, general and administrative (SG&A) expenses edged down 4.0% to ¥216.3 billion on the back of cost structure reforms and transfer of subsidiaries to affiliates under the equity method in accordance with restructuring measures. Nevertheless, the impact of lower net sales produced a 20.6% drop in operating income to ¥49.5 billion. Earning power, however, declined only 6.6% to ¥36.9 billion and the cost-coverage ratio worsened to 79.8% from 76.3% in the previous fiscal year, though the Company maintained it less than 80.0%.

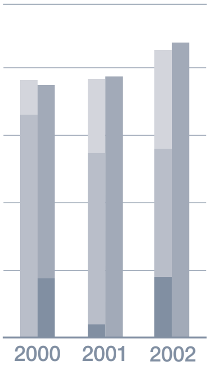
Earning Power
(Billions of Yen)



Net Income
(Billions of Yen)



Cash Flows
(Billions of Yen)



		2000	2001	2002
▢	Net cash provided by operating activities	62	133	178
▢	Net cash provided by investing activities	401	308	230
▢	Net cash used in financing activities	(347)	(470)	(531)
■	Net increase (decrease) in cash*	107	(24)	(110)

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

Income before Income Taxes

Lower operating income was partially offset by a 28.6% reduction in interest expense to ¥78.0 billion and improvement of equity in gains (losses) of unconsolidated subsidiaries and affiliates to ¥0.5 billion from a loss of ¥6.5 billion in the previous fiscal year. Nevertheless, other expenses, net jumped to ¥22.8 billion from ¥2.7 billion, due to ¥26.4 billion in loss and provision for loss on the dissolution of subsidiaries and affiliates, mainly produced by streamlining of sugar and textile businesses, and an ¥11.4 billion extraordinary loss on changes in the retirement benefits plans. As a result, income before income taxes fell 67.8% to ¥10.0 billion.

Net Income

Net income fell 94.1% to ¥1.2 billion chiefly from the impact of other expenses, net.

Liquidity and Financial Resources

Analysis of Cash Flows

Net cash provided by operating activities was ¥178.0 billion, compared with ¥133.0 billion in the previous fiscal year. Sources of cash included depreciation and amortization of ¥27.2 billion and decrease in trade receivables of ¥224.3 billion, up from ¥109.9 billion in the previous term.

Net cash provided by investing activities was ¥230.5 billion, compared with ¥308.4 billion in the previous term. The key source of cash was proceeds from redemption and sale of investment securities of ¥229.7 billion. Despite a lower level of activity, our investing activities continued to generate significant cash.

Consequently, free cash flows amounted to ¥408.5 billion and were appropriated for reduction of interest-bearing debt including a ¥230.0 billion credit facilities to contribute to reinforcement of the Company's financial position.

Net cash used in financing activities totaled ¥531.3 billion, compared with ¥470.3 billion in the previous fiscal year.

Cash and cash equivalents at end of year declined ¥117.2 billion to ¥157.8 billion.

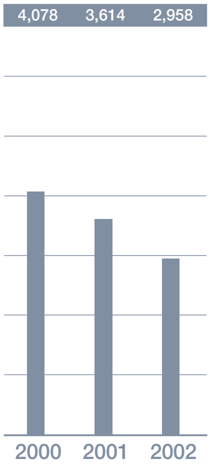
Analysis of Financial Position

Total current assets dropped 20.7% to ¥1,631.4 billion, reflecting a 42.6% drop in cash and cash equivalents to ¥157.8 billion, a 18.5% contraction in trade notes receivable to ¥208.4 billion and a 22.7% decline in trade accounts receivable to ¥593.8 billion. Inventories decreased 9.2% to ¥259.6 billion.

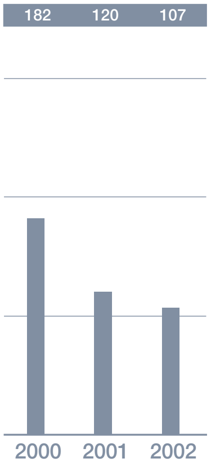
Total current liabilities contracted 16.3% to ¥2,166.9 billion. Short-term debt, principally unsecured, increased 4.7% to ¥1,134.8 billion, as a result of the partial substitution of a ¥230.0 billion repayment on credit facilities carried out on a non-consolidated basis. Current portion of long-term debt fell 44.4% to ¥309.2 billion partially from the increased retirement of long-term debt. Investment and non-current receivables fell 25.0% to ¥757.3 billion. Investment securities fell 46.1% to ¥305.2 billion, while investment in and advances to unconsolidated subsidiaries and affiliates soared 123.0% to ¥159.0 billion. Property and equipment, at cost slipped 0.9% to ¥404.3 billion. Interest-bearing debt dropped 20.3% to ¥2,027.3 billion.

Total shareholders' equity decreased 11.3% to ¥106.7 billion. Key to this decrease was a jump in unrealized losses on available-for-sale securities.

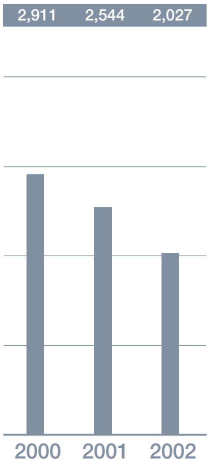
Total Assets
(Billions of Yen)



Shareholders' Equity
(Billions of Yen)



Interest-Bearing Debt
(Billions of Yen)



Performance under the Scope of Consolidation

For the fiscal year ended March 31, 2002, 330 companies were consolidated, a decrease of 20 companies from a year earlier, comprising 135 domestic and 195 overseas companies. Companies accounted for by the equity method increased by three to 190, comprising 95 domestic and 95 overseas companies. The Company faced a slight challenge in streamlining the business structure as its ratio of profitable consolidated subsidiaries and companies accounted for by the equity method declined 1.2 percentage points to 72.7%. Although the ratio of profitable consolidated subsidiaries improved 0.4 percentage points to 76.1%, companies accounted for by the equity method fell 3.8 percentage points to 66.8%.

Nissho Iwai has set a three-year target of reducing approximately 200 more affiliated companies in its Medium-Term Management Plan 2005.

Years ended March 31	2002			2001		
	Profitable	Unprofitable	Total	Profitable	Unprofitable	Total
Consolidated subsidiaries.........	**251 (76.1%)**	**79 (23.9%)**	**330 (100%)**	265 (75.7%)	85 (24.3%)	350 (100%)
Companies accounted for by the equity method...............	**127 (66.8%)**	**63 (33.2%)**	**190 (100%)**	132 (70.6%)	55 (29.4%)	187 (100%)
Total..................................	**378 (72.7%)**	**142 (27.3%)**	**520 (100%)**	397 (73.9%)	140 (26.1%)	537 (100%)

(numbers in parentheses represent % of total)

Outlook for the Fiscal Year Ending March 31, 2003

Despite overseas sales growth following a recovery in the U.S. economy, transactions are anticipated to decrease from the spin-off of the steel products business and the application of the equity method to consolidated subsidiaries along with the reorganization of business portfolios in the chemical products and real estate businesses. As a result, the Company forecasts a 10.3% (¥564.5 billion) decrease in consolidated net sales to ¥4,900.0 billion.

Gross trading profit is expected to rise in overseas operations as well, but projections call for a 5.8% (¥15.3 billion) decline to ¥250.5 billion from application of the equity method to consolidated subsidiaries.

SG&A expenses are anticipated to fall 7.8% (¥16.8 billion) to ¥199.5 billion owing to such measures as reforming the pension plan and streamlining consolidated subsidiaries. Operating income is forecast to rise 3.0% (¥1.5 billion) to ¥51.0 billion.

Income before income taxes is forecast to increase ¥19.5 billion to ¥29.5 billion following such factors as an improvement in profits of affiliates under the equity method.

In aggregate, net income is predicted to rise from ¥1.2 billion to ¥8.0 billion.

These projections are based on the premise of a yen to U.S. dollar exchange rate of ¥125 per US$1 and average crude oil prices of US$23.00/bbl (Dubai).

The above forecast is based on rational conclusions drawn from information available to management at the time of reporting. However, actual results may vary depending on external factors such as economic conditions of the markets in which the Company operates, exchange rate fluctuations, etc.

Consolidated Balance Sheets

Nissho Iwai Corporation and Consolidated Subsidiaries
March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars *(Note 1)*
ASSETS	**2002**	2001	**2002**
Current assets:			
Cash and cash equivalents *(Note 4)*	**¥ 157,758**	¥ 274,909	**$ 1,186,150**
Time deposits *(Note 4)*	**22,327**	16,724	**167,872**
Short-term securities *(Notes 3 and 4)*	**24,178**	43,896	**181,789**
Receivables:			
Trade notes *(Note 4)*	**208,403**	255,861	**1,566,940**
Trade accounts *(Note 4)*	**593,753**	767,830	**4,464,308**
Loans *(Note 4)*	**156,714**	171,915	**1,178,301**
Unconsolidated subsidiaries and affiliates	**88,436**	100,720	**664,932**
Allowance for doubtful receivables	**(38,099)**	(47,312)	**(286,459)**
Inventories *(Note 4)*	**259,554**	285,898	**1,951,534**
Advance payments to suppliers	**29,006**	36,545	**218,090**
Deferred tax assets — current *(Note 11)*	**13,746**	21,293	**103,353**
Other current assets	**115,614**	128,294	**869,280**
Total current assets	**1,631,390**	2,056,573	**12,266,090**
Investments and non-current receivables:			
Investment securities *(Notes 3 and 4)*	**305,189**	566,154	**2,294,654**
Investments in and advances to unconsolidated subsidiaries and affiliates	**159,026**	71,297	**1,195,684**
Long-term loans, receivables and other *(Note 4)*	**373,652**	437,901	**2,809,414**
Allowance for doubtful receivables	**(80,590)**	(65,318)	**(605,940)**
	757,277	1,010,034	**5,693,812**
Property and equipment, at cost *(Note 4)*:			
Land	**119,764**	125,598	**900,481**
Buildings and structures	**161,775**	169,195	**1,216,353**
Equipment and fixtures	**275,970**	264,985	**2,074,962**
Construction in progress	**10,722**	7,979	**80,617**
Accumulated depreciation	**(163,897)**	(159,713)	**(1,232,308)**
	404,334	408,044	**3,040,105**
Other assets:			
Deferred tax assets — non-current *(Note 11)*	**59,892**	44,566	**450,316**
Intangible assets and deferred charges	**104,685**	94,760	**787,106**
	¥2,957,578	¥3,613,977	**$22,237,429**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars *(Note 1)*
LIABILITIES AND SHAREHOLDERS' EQUITY	**2002**	2001	**2002**
Current liabilities:			
Short-term debt, principally unsecured *(Notes 4 and 5)*	**¥1,134,759**	¥1,083,341	**$ 8,532,023**
Commercial paper	**3,801**	53,801	**28,579**
Current portion of long-term debt *(Notes 4 and 5)*	**309,174**	555,696	**2,324,617**
Payables:			
Trade notes *(Note 4)*	**156,252**	205,065	**1,174,827**
Trade accounts *(Note 4)*	**365,729**	468,588	**2,749,842**
Unconsolidated subsidiaries and affiliates	**8,259**	14,187	**62,098**
Accrued liabilities	**17,873**	26,257	**134,383**
Income taxes payable	**13,743**	13,480	**103,331**
Advances received from customers	**32,060**	36,032	**241,053**
Deferred tax liabilities — current *(Note 11)*	**242**	4	**1,820**
Other current liabilities	**125,012**	133,590	**939,938**
Total current liabilities	**2,166,904**	2,590,041	**16,292,511**
Non-current liabilities:			
Long-term debt, less current portion *(Notes 4 and 5)*	**547,186**	781,003	**4,114,180**
Employees' severance and retirement benefits *(Note 10)*	**26,002**	13,251	**195,504**
Deferred tax liabilities — non-current *(Note 11)*	**11,595**	28,963	**87,180**
Other non-current liabilities *(Note 4)*	**32,863**	25,288	**247,091**
	617,646	848,505	**4,643,955**
Minority interests in consolidated subsidiaries	**66,300**	55,155	**498,496**
Contingent liabilities *(Note 12)*			
Shareholders' equity:			
Common stock *(Note 6)*	**102,938**	102,938	**773,970**
Additional paid-in capital *(Note 6)*	**98,890**	98,890	**743,534**
Accumulated deficit *(Note 6)*	**(23,804)**	(8,538)	**(178,977)**
	178,024	193,290	**1,338,527**
Unrealized losses on available-for-sale securities	**(21,800)**	(5,297)	**(163,910)**
Foreign currency translation adjustments	**(49,494)**	(67,717)	**(372,135)**
Treasury stock	**(2)**	—	**(15)**
Total shareholders' equity	**106,728**	120,276	**802,467**
	¥2,957,578	¥3,613,977	**$22,237,429**

Consolidated Statements of Income

Nissho Iwai Corporation and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

			Millions of yen	Thousands of U.S. dollars *(Note 1)*
	2002	2001	2000	**2002**
Net sales (Total trading transactions) *(Note 8)*	**¥5,464,524**	¥6,474,402	¥7,281,304	**$41,086,647**
Cost of sales *(Note 8)*	**5,198,700**	6,186,671	7,013,585	**39,087,970**
Gross trading profit	**265,824**	287,731	267,719	**1,998,677**
Selling, general and administrative expenses	**216,364**	225,478	218,631	**1,626,797**
Operating income	**49,460**	62,253	49,088	**371,880**
Other income (expenses):				
Interest and dividend income	**60,780**	87,140	89,811	**456,992**
Interest expense	**(78,001)**	(109,271)	(116,512)	**(586,474)**
Equity in gains (losses) of unconsolidated subsidiaries and affiliates	**531**	(6,536)	(2,038)	**3,992**
Other, net *(Note 9)*	**(22,806)**	(2,650)	(2,148)	**(171,473)**
Income before income taxes	**9,964**	30,936	18,201	**74,917**
Income taxes *(Note 11)***:**				
Current	**20,222**	25,045	16,088	**152,045**
Deferred	**(14,836)**	(13,845)	(6,885)	**(111,549)**
Total	**5,386**	11,200	9,203	**40,496**
Minority interests in consolidated subsidiaries	**(3,395)**	305	1,222	**(25,526)**
Net income	**¥ 1,183**	¥ 20,041	¥ 10,220	**$ 8,895**

			Yen	U.S. cents
Net income per share	**¥ 1.35**	¥ 22.92	¥ 11.69	**1.02¢**
Net income per share – diluted	**1.35**	21.59	11.10	**1.02**
Cash dividends per share	**—**	—	—	**—**

See accompanying notes.

Consolidated Statements of Shareholders' Equity

Nissho Iwai Corporation and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

			Millions of yen	Thousands of U.S. dollars *(Note 1)*
	2002	2001	2000	**2002**
Common stock *(Note 6)*:				
Balance at beginning of year	**¥102,938**	¥102,938	¥102,938	**$ 773,970**
Balance at end of year	**¥102,938**	¥102,938	¥102,938	**$ 773,970**
Additional paid-in capital *(Note 6)*:				
Balance at beginning of year	**¥ 98,890**	¥ 98,890	¥ 98,890	**$ 743,534**
Balance at end of year	**¥ 98,890**	¥ 98,890	¥ 98,890	**$ 743,534**
Unappropriated retained earnings (Accumulated deficit) *(Note 6)*:				
Balance at beginning of year	**¥ (8,538)**	¥ (19,382)	¥ (34,994)	**$ (64,195)**
Net income (loss)	**1,183**	20,041	10,220	**8,895**
Appropriation:				
Bonuses to directors and corporate auditors	**(33)**	(37)	(43)	**(248)**
Effect arising from changes of subsidiaries and affiliates for consolidation	**(1,162)**	(4,806)	1,081	**(8,737)**
Net unrealized gains on securities available for sale *(Note 2)*	**—**	—	4,354	**—**
Transfer to unrealized gains on securities available for sale *(Note 2)*	**—**	(4,354)	—	**—**
Transfer to losses on available-for-sale securities *(Note 2)*	**(15,254)**	—	—	**(114,692)**
Balance at end of year	**¥ (23,804)**	¥ (8,538)	¥ (19,382)	**$(178,977)**
Unrealized losses on available-for-sale securities				
Balance at beginning of year	**¥ (5,297)**	¥ —	¥ —	**$ (39,827)**
Unrealized losses on available-for-sale securities	**(31,757)**	(5,297)	—	**(238,775)**
Transfer from accumulated deficit *(Note 2)*	**15,254**	—	—	**114,692**
Balance at end of year	**¥ (21,800)**	¥ (5,297)	¥ —	**$(163,910)**
Foreign currency translation adjustments				
Balance at beginning of year	**¥ (67,717)**	¥ —	¥ —	**$(509,150)**
Foreign currency translation adjustments	**18,223**	(67,717)	—	**137,015**
Balance at end of year	**¥ (49,494)**	¥ (67,717)	¥ —	**$(372,135)**
Treasury stock				
Balance at beginning of year	**¥ —**	¥ —	¥ —	**$ —**
Purchase of treasury stock	**(2)**	—	—	**(15)**
Balance at end of year	**¥ (2)**	¥ —	¥ —	**$ (15)**
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	**874,434**	874,432	874,432	
At end of year	**874,434**	874,434	874,432	

See accompanying notes.

Consolidated Statements of Cash Flows

Nissho Iwai Corporation and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

			Millions of yen	Thousands of U.S. dollars *(Note 1)*
	2002	2001	2000	**2002**
Cash flows from operating activities:				
Income before income taxes	**¥ 9,964**	¥ 30,936	¥ 18,201	**$ 74,917**
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization	**27,233**	25,383	28,065	**204,759**
Amortization of goodwill recognized on consolidation	**6,135**	4,009	2,872	**46,128**
Increase (decrease) in employees' retirement benefits	**13,948**	4,939	(284)	**104,872**
Increase (decrease) in provision for doubtful receivables	**5,819**	(1,205)	61,581	**43,752**
Interest and dividend income	**(60,780)**	(87,140)	(89,811)	**(456,992)**
Interest expense	**78,001**	109,271	116,512	**586,474**
Foreign exchange loss-net	**90**	6,323	8,519	**677**
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	**(531)**	6,536	2,038	**(3,992)**
Loss (gain) on disposal of properties-net	**4,554**	(14,364)	5,125	**34,241**
Gain on sale of securities-net	**(18,121)**	(89,494)	(101,266)	**(136,248)**
Dilution gains from changes in equity interest	**(12,532)**	—	—	**(94,226)**
Loss on revaluation of securities	**15,731**	33,786	22,550	**118,278**
Decrease in trade receivables	**224,311**	109,874	136,240	**1,686,549**
Decrease in inventories	**29,410**	40,788	70,549	**221,128**
Decrease (increase) in other assets	**53,542**	50,943	(65,911)	**402,570**
Decrease in trade payables	**(133,978)**	(36,698)	(22,886)	**(1,007,353)**
Decrease in other liabilities	**(36,205)**	(14,742)	(88,635)	**(272,218)**
Bonuses to directors and corporate auditors	**(62)**	(44)	(64)	**(466)**
	206,529	179,101	103,395	**1,552,850**
Interest and dividends received	**59,058**	83,903	96,816	**444,045**
Interest paid	**(79,377)**	(112,104)	(128,705)	**(596,820)**
Income taxes paid	**(8,167)**	(17,923)	(9,532)	**(61,406)**
Net cash provided by operating activities	**178,043**	132,977	61,974	**1,338,669**
Cash flows from investing activities:				
(Increase) decrease in time deposits	**(4,611)**	11,597	46,953	**(34,669)**
Decrease in short-term securities-net	**24,136**	86,173	112,778	**181,474**
Payments for property and equipment	**(37,892)**	(70,272)	(34,373)	**(284,902)**
Proceeds from disposal of properties	**12,960**	61,282	44,738	**97,444**
Payments for purchase of investment securities	**(52,800)**	(91,312)	(35,947)	**(396,993)**
Proceeds from redemption and sale of investment securities	**229,729**	200,912	149,564	**1,727,286**
Decrease (increase) in short-term loans receivable-net	**74,072**	94,848	(34,740)	**556,932**
Additions to long-term loans receivable	**(67,384)**	(89,366)	(117,214)	**(506,647)**
Decrease in long-term loans receivable	**37,353**	126,053	274,102	**280,850**
Payments for acquisition of newly consolidated subsidiaries	**(7,500)**	(39,273)	—	**(56,391)**
Proceeds from sale of investment securities in consolidated subsidiaries	**39,102**	—	—	**294,000**
Other	**(16,670)**	17,806	(4,777)	**(125,339)**
Net cash provided by investing activities	**230,495**	308,448	401,084	**1,733,045**
Cash flows from financing activities:				
Increase (decrease) in short-term debt-net	**19,869**	(67,476)	42,557	**149,391**
(Decrease) increase in commercial paper	**(50,000)**	(3,600)	15,201	**(375,940)**
Proceeds from issuance of bonds	**30,864**	12,548	1,257	**232,060**
Redemption of bonds	**(102,808)**	(132,780)	(72,108)	**(772,992)**
Proceeds from other long-term debt	**76,797**	134,122	156,486	**577,421**
Repayments of other long-term debt	**(525,489)**	(412,905)	(490,278)	**(3,951,045)**
Proceeds from issuance of common stock to minority shareholders	**19,857**	—	64	**149,301**
Payments for purchase of treasury stock	**(2)**	—	—	**(15)**
Dividends paid to minority shareholders	**(366)**	(214)	(286)	**(2,752)**
Net cash used in financing activities	**(531,278)**	(470,305)	(347,107)	**(3,994,571)**
Effect of exchange rate changes on cash and cash equivalents	**12,887**	5,009	(8,472)	**96,895**
Net (decrease) increase in cash and cash equivalents	**(109,852)**	(23,870)	107,479	**(825,955)**
Cash and cash equivalents at beginning of year	**274,909**	298,779	191,300	**2,066,985**
Increase in cash and cash equivalents due to merger and increase/decrease in consolidated subsidiaries	**2,291**	—	—	**17,225**
Decrease in cash and cash equivalents due to increase/decrease in consolidated subsidiaries	**(9,590)**	—	—	**(72,105)**
Cash and cash equivalents at end of year	**¥157,758**	¥274,909	¥298,779	**$1,186,150**

See accompanying notes.

Notes to Consolidated Financial Statements

Nissho Iwai Corporation and Consolidated Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Nissho Iwai Corporation (the "Company") and its consolidated domestic subsidiaries maintain their official accounting records in Japanese yen and in accordance with the provisions set forth in the Japanese Commercial Code and accounting principles and practices generally accepted in Japan ("Japanese GAAP"). The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the respective countries of domicile. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries in certain respects as to application and disclosure requirements. Accordingly, the accompanying financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying financial statements.

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, 2002, which was ¥133 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 Company prepares the consolidated financial statements in accordance with the revised Accounting Principles for Consolidated Financial Statements effective from the year ended March 31, 2000.

The consolidated financial statements include the accounts of the Company and its 330 (350 in 2001, 412 in 2000) significant companies, over which the Company has control through majority voting right or certain other conditions evidencing control by the Company. Investments in 190 (187 in 2001, 205 in 2000) unconsolidated subsidiaries and affiliates (generally 20-50% ownership), over which the Company has the ability to exercise significant influence over operating and financial policies of the investees, are accounted for by the equity method. Intercompany transactions and accounts have been eliminated. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. The excess of costs of the Company's investments in subsidiaries and affiliates over its equity in the fair value of net assets at dates of acquisition is, with minor exceptions, being amortized on the straight-line basis over periods ranging from five years to twenty years.

Cash and cash equivalents

Cash and cash equivalents include short-term investments, which are readily convertible into cash and have no risk of change in value with original maturities of three months or less.

Allowance for doubtful receivables

Prior to April 1, 2000, the allowance for doubtful receivables was 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.

Effective April 1, 2000, the Companies adopted the new accounting standard for financial instruments and provided the allowance for doubtful accounts principally at an amount computed based on the actual ratio of bad debts in the past and the estimated uncollectible amounts based on the analysis of certain individual receivables. The effect of adopting the new accounting standard was immaterial.

Short-term securities and investment securities

Prior to April 1, 2000, short-term securities and investment securities, except those accounted for by the equity method, were stated at cost by the moving average method.

Effective from April 1, 2000, the Company and its consolidated domestic subsidiaries adopted the new Japanese accounting standard for financial instruments ("Opinion Concerning Establishment of Accounting Standard for Financial Instruments" issued by the Business Accounting Deliberation Council on January 22, 1999).

Under the new standard, all companies are required to examine the purpose of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities")

(a) Trading securities are stated at fair value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change.

(b) Held-to-maturity debt securities are stated at amortized cost.

(c) Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost.

(d) Available-for-sale securities with available fair market values held by the Company are stated at fair market value based on the average market price in the month before the balance sheet date for the year ended March 31, 2002, and were stated at fair market value at the end of the year for the year ended March 31, 2001. Available-for-sale securities with available fair values held by the consolidated subsidiaries are stated at year-end fair market value. For the year ended March 31, 2002, the Company adopted this new method for determining fair market values from the market price on the balance sheet date to the average market price in the month before the balance sheet date in order to avoid the effects of short-term fluctuations in the market prices. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders' equity. Realized gains and losses on sale of such securities are computed using moving-average cost. Available-for-sale securities with no available fair market values are stated at moving-average cost. As a result, investment securities increased by ¥15,561 million, and unrealized losses of ¥5,297 million were recorded, net of tax and minority interest, in shareholders' equity for the year ended March 31, 2001. The change of method for fair market values resulted in an increase in investment securities of ¥2,580 million ($19,398 thousand) and decreases in deferred tax assets of ¥1,084 million ($8,150 thousand) and unrealized losses on available-for-sale securities of ¥1,495 million ($11,241 thousand) for the year ended March 31, 2002.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net assets value with a corresponding charge in the income statement in the event net assets value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next year.

After reviewing the purposes for holding securities at April 1, 2000, trading securities and debt securities due within one year are included in current assets, and debt securities due over one year and other securities are included in investments. As a result, securities in current assets decreased by ¥323,701 million and investment securities concurrently increased by the same amount at April 1, 2000.

Effective for the year ended March 31, 2000, with respect to certain subsidiaries in the United States of America, the consolidated financial statements included net unrealized gains on securities available for sale as the result of their application of Statement of Financial Accounting Standards (SFAS) No.115, "Accounting for Certain Investments in Debt and Equity Securities". This change of policy resulted in an increase in short-term securities of ¥8,126 million and decreases in investment securities of ¥870 million and in accumulated deficit of ¥4,354 million. As a result of the new accounting standard adopted in Japan in the year ended March 31, 2001, this amount of ¥4,354 million was reclassified from accumulated deficit to "Unrealized losses on available-for-sale securities" in shareholders' equity.

The Company, at the General Meeting of Shareholders on June 27, 2001, resolved to eliminate the losses on available-for-sale securities as of March 31, 2001, by the transfer of ¥15,254 million ($114,692 thousand) of retained earnings.

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.

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. Useful lives are determined in accordance with Japanese tax laws. Assets held by foreign subsidiaries are depreciated in accordance with local accounting standards, principally by the straight-line method.

Repair and maintenance expenditures are charged to income when incurred.

Software costs

In accordance with new accounting standards in Japan effective for the year ended March 31, 2000, the Company and its domestic subsidiaries include internal use software in intangible assets and amortize it on the straight-line method over an estimated useful life of five years.

Deferred charges

Bond issue expenses are amortized on the straight-line method over whichever is the shortest, the period through redemption or three years. Bond issue discounts are deferred and amortized on the straight-line method over the period through redemption.

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—
Prior to April 1, 2000, receivables and payables in foreign currencies were principally translated at historical rates, except for those translated at contracted foreign exchange rates, and those of the Company's overseas branches and foreign consolidated subsidiaries that were translated at year end rates.

Effective from April 1, 2000, the Company and its consolidated domestic subsidiaries adopted the revised accounting standard for foreign currency translation, "Opinion Concerning Revision of Accounting Standard for Foreign Currency Translation", issued by the Business Accounting Deliberation Council on October 22, 1999.

Under the revised standard, current and non-current receivables and payables denominated in foreign currencies are translated into Japanese yen at year-end rates.

The effect of application of the new standard decreased income before income taxes by ¥6,499 million, in the year ended March 31, 2001.

—Foreign currency financial statements—
The financial statements of foreign consolidated subsidiaries and affiliates are translated into Japanese yen at the year-end rate, except for shareholders' equity accounts which are translated at historical rates.

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

In accordance with the revised standard, the Company and its domestic subsidiaries report foreign currency translation adjustments in shareholders' equity and minority interests. The amount at March 31, 2000, which was included in assets, has not been reclassified.

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.

Employees' retirement benefits

The Company, following Ministry of Health, Labor and Welfare approval on March 19, 2002, for the dissolution of "Nissho Iwai Employee Pension Funds", dissolved the said funds on March 20, 2002. Moreover, on March 26, 2002, the Company received approval for the introduction of the "Defined Contribution Pension Plan (Japanese version of 401k pension plan)" and therefore changed from using "Defined Benefits Pension Plan" to the "Defined Contribution Pension Plan," as well as adopting the "Advanced Retirement Allowance." Under the "Advanced Retirement Allowance," the Company pays retirement allowances, which the Company plans to pay after April 1, 2002, included in salaries. The Company will also pay lump-sum retirement benefits for benefits earned prior to March 31, 2002 when employees retire from the Company. The new plan generally covers all employees other than directors and corporate auditors.

As a result of introduction of the new retirement benefit plan, in the year ended March 31, 2002, the Company recorded an extraordinary loss on changes in retirement benefits plans, consisting of unrecognized actuarial differences and unrecognized net transition obligation amounting to ¥11,392 million ($85,654 thousand).

Effective April 1, 2000, the Company and its consolidated domestic subsidiaries adopted the new accounting standard, "Opinion on Setting Accounting Standard for Employees' Severance and Pension Benefits", issued by the Business Accounting Deliberation Council on June 16, 1998.

The Company and its consolidated domestic subsidiaries provided allowance for employees' severance and retirement benefits at March 31, 2001 based on estimated amounts of projected benefit obligation and the fair value of the plan assets at that date.

The net transition obligation was amortized over 10 years except for some consolidated domestic subsidiaries. Prior service costs were recognized in expenses using the straight-line method over the average of the estimated remaining service lives of the employees. Actuarial gains and losses were recognized in expenses using in straight-line method (or the declining-method in some subsidiaries) over the average of the estimated remaining service lives commencing with the following period.

As a result of the adoption of the new accounting standard, in the year ended March 31, 2001, income before income taxes decreased by ¥5,461 million compared with the amounts under the standards used previously.

Derivatives and hedge accounting

The new accounting standard for financial instruments, effective from the year ended March 31, 2001, requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative instruments are used for hedging purposes.

If derivative instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

1. If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
   (a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and
   (b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
2. If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The effect of the application of the new standard decreased income before income taxes by ¥30,667 million, in the year ended March 31, 2001.

Income taxes

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.

Amounts per share

The computation of net income 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.

3. SHORT-TERM SECURITIES AND INVESTMENT SECURITIES

Information regarding each category of securities classified as trading, available-for-sale, and held-to-maturity at March 31, 2002 is as follows:

				Millions of yen
At March 31, 2002	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Trading				¥ 11,200
Available-for-sale with available fair market values:				
Equity securities	¥174,570	¥24,611	¥(37,182)	¥161,999
Debt securities	8,631	114	(980)	7,765
Other securities	2,999	43	(117)	2,925
Held-to-maturity securities with available fair market values.	49,416	425	(3,909)	45,932

				Thousands of U.S. dollars
At March 31, 2002	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Trading				$ 84,211
Available-for-sale with available fair market values:				
Equity securities	$1,312,556	$185,045	$(279,564)	$1,218,037
Debt securities	64,895	857	(7,368)	58,384
Other securities	22,549	323	(880)	21,992
Held-to-maturity securities with available fair market values.	371,549	3,195	(29,391)	345,353

Total sales of available-for-sale securities sold in the year ended March 31, 2002 amounted to ¥172,809 million ($1,299,316 thousand) and the related gains and losses amounted to ¥44,474 million ($334,391 thousand) and ¥8,558 million ($64,346 thousand), respectively.

The carrying values and maturities for securities classified as available-for-sale (those which have maturities) and held-to-maturity securities at March 31, 2002 are as follows:

At March 31, 2002	Millions of yen	Thousands of U.S. dollars
Due in one year or less	¥12,978	$ 97,579
Due after one year through five years	46,487	349,526
Due after five years	25,157	189,150

Information regarding each category of securities classified as trading, available-for-sale, and held-to-maturity at March 31, 2001 is as follows:

				Millions of yen
At March 31, 2001	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Trading				¥ 20,185
Available-for-sale with available fair market values:				
Equity securities	¥236,981	¥70,481	¥(51,738)	¥255,724
Debt securities	76,504	900	(4,076)	73,328
Other securities	230	2	(7)	225
Held-to-maturity	121,956	1,164	(7,530)	115,590

Total sales of available-for-sale securities sold in the year ended March 31, 2001 amounted to ¥76,118 million and the related gains and losses amounted to ¥11,712 million and ¥7,610 million, respectively.

The carrying values and maturities for securities classified as available-for-sale (those which have maturities) and held-to-maturity securities at March 31, 2001 are as follows:

At March 31, 2001	Millions of yen
Due in one year or less	¥ 23,710
Due after one year through five years	161,518
Due after five years	46,982

The above excludes unlisted securities and bonds whose values are unaffected by market fluctuations.

4. PLEDGED ASSETS

At March 31, 2002, the following assets were pledged as collateral for short-term debt and payables of ¥77,292 million ($581,143 thousand), long-term debt and other liabilities of ¥165,945 million ($1,247,707 thousand) and transaction and other guarantees:

	Millions of yen	Thousands of U.S. dollars
Cash equivalents and time deposits	¥ 12,321	$ 92,639
Trade notes and accounts receivable	29,645	222,895
Short-term securities and investment securities	71,013	533,932
Inventories	13,750	103,384
Loans	91,557	688,398
Property and equipment, less accumulated depreciation	126,719	952,775
	¥345,005	$2,594,023

5. SHORT-TERM DEBT AND LONG-TERM DEBT

Short-term debt was represented by short-term notes, generally for 90 days, bearing average interest at annual rates of 2.93% and 4.58% at March 31, 2002 and 2001, 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, 2002 and 2001, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Floating rate notes due 2003 payable in Japanese yen(*1)	**¥ 9,700**	¥ 9,700	**$ 72,932**
1.00% bonds due 2003 payable in Japanese yen, exchangeable for shares of a certain company	**5,522**	9,967	**41,519**
2.00% bonds due 2002 payable in Japanese yen	**8,800**	8,800	**66,165**
2.35% bonds due 2003 payable in Japanese yen	**6,000**	6,200	**45,113**
2.00% bonds due 2002 payable in Japanese yen	**5,700**	5,700	**42,857**
0.65% convertible bonds due 2003 payable in Japanese yen(*2)	**25,287**	27,293	**190,128**
Notes under medium-term note programmes maturing serially through 2007 at interest rates of 0.12% to 8.45%(*3)	**64,265**	108,062	**483,195**
Bonds maturing serially through 2007 at interest rates of 0.22% to 4.00%(*4)	**28,101**	40,520	**211,286**
Long-term loans, principally from commercial and trust banks and insurance companies, maturing serially through 2025 at average interest rate of 3.31%	**504,115**	848,257	**3,790,338**
Long-term loans, from governmental financial institutions, principally Japan Bank for International Cooperation, maturing serially through 2024 at average interest rate of 4.11%	**162,810**	217,295	**1,224,135**
Other long-term indebtedness, maturing serially through 2028 at average interest rate of 3.46%	**36,060**	54,905	**271,129**
Total	**856,360**	1,336,699	**6,438,797**
Less current portion	**309,174**	555,696	**2,324,617**
	¥547,186	¥ 781,003	**$4,114,180**

The aggregate annual amounts of long-term debt maturing in the years ending March 31, 2003 to 2008 and thereafter, are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥309,174	$2,324,617
2004	221,524	1,665,594
2005	152,067	1,143,361
2006	67,449	507,135
2007	41,258	310,211
2008 and thereafter	64,888	487,879
	¥856,360	$6,438,797

(*1) Floating rate is based on six-month euro-yen LIBOR (London Interbank Offered Rate) plus 0.6% with ceiling rate of 3.2% up to February 2003.

(*2) The conversion price per share of the 0.65% convertible bonds was ¥441 ($3.32).
The Company which issued the bonds has a call option on condition that the market prices of the stock of the Company rise to a 30% premium, or more, of the conversion price per share for 20 working days of the Tokyo Stock Exchange.
At March 31, 2002, 66,750,567 shares of common stock were reserved for conversion of the convertible bonds, including those held by consolidated subsidiaries.

(*3) The amounts includes the Notes issued by Nissho Iwai American Corp., Nissho Iwai Europe Plc, Nissho Iwai International Finance (Cayman) Ltd. and Nissho Iwai HK (Cayman) Ltd.

(*4) The amounts includes the bonds issued by the Company, Nissho Iwai Hokkaido Corp. and Thai Central Chemical Public Co., Ltd.

6. SHAREHOLDERS' EQUITY

The Commercial Code of Japan provides that:
(a) The entire issue price of shares may be credited to the stated capital, 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.
(b) An amount equal to at least 10% of cash appropriations of retained earnings shall be set aside as legal reserve until the total of such reserve and additional paid-in capital equals 25% of the stated capital. Additional paid-in capital and legal reserve may be used 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. On condition that the total amount of legal reserve and additional paid-in capital remains being equal to or exceeding 25% of common stock, they are available for dividends by the resolution of shareholder's meeting. Legal reserves of the Company and domestic consolidated subsidiaries are reflected in the consolidated financial statements as a reduction in the accumulated deficit.

7. SEGMENT INFORMATION

The activities of the Companies 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.

On April 1, 2000, the Companies replaced the existing organizational structure with a new division company system of nine in-house companies and ITX Corporation which was formed as a result of the transfer of our Information Business Division. From the year ended March, 31, 2001, the Company reports classified operating segment information into 10 segments based on the new divisions company system for the purpose of more useful information about the business of the Companies. Prior year operating segment information has been reclassified to conform to the new presentation style.

Prior to March 31, 2000, the Company did not report information about operating segments because the Company had operated in a single industry commonly classified as general trading companies. However, commencing with the year ended March 31, 2000, the Company reports operating segment information for the purpose of disclosure of more useful information about the business of the Companies.

Operating segment information was as follows:

Millions of yen

Year ended March 31, 2002	Plant & Project	Industrial System & Automotive	Aerospace, Marine & Rolling Stock	Information Industry	Metals	Energy	Chemicals	Housing Materials & General Merchandise	Consumer Products	Construction & Urban Development	Total	Elimination or Unallocated	Consolidated
Total trading transactions:													
Outside customers	¥210,700	¥419,835	¥702,554	¥290,026	¥1,277,743	¥ 993,615	¥360,363	¥622,772	¥397,969	¥173,063	¥5,448,640	¥ 15,884	¥5,464,524
Intersegment	3,205	20,898	18,847	389	41,246	23,704	8,819	2,277	9,696	2,056	131,137	(131,137)	—
Total	213,905	440,733	721,401	290,415	1,318,989	1,017,319	369,182	625,049	407,665	175,119	5,579,777	(115,253)	5,464,524
Operating expenses	214,389	432,370	717,945	267,560	1,309,460	1,015,022	364,229	622,979	405,095	168,828	5,517,877	(102,813)	5,415,064
Operating income (loss)	¥ (484)	¥ 8,363	¥ 3,456	¥ 22,855	¥ 9,529	¥ 2,297	¥ 4,953	¥ 2,070	¥ 2,570	¥ 6,291	¥ 61,900	¥ (12,440)	¥ 49,460
Assets	¥283,678	¥207,427	¥332,153	¥232,574	¥ 579,268	¥ 114,955	¥216,361	¥198,979	¥131,255	¥293,380	¥2,500,030	¥ 367,548	¥2,957,578
Depreciation and amortization	¥ 256	¥ 844	¥ 5,033	¥ 2,243	¥ 4,259	¥ 745	¥ 7,100	¥ 335	¥ 708	¥ 630	¥ 22,153	¥ 5,080	¥ 27,233
Capital expenditures	¥ 543	¥ 1,380	¥ 17,935	¥ 3,800	¥ 2,158	¥ 648	¥ 6,079	¥ 1,202	¥ 139	¥ 2,295	¥ 36,179	¥ 10,721	¥ 46,900

Thousands of U.S. dollars

	Plant & Project	Industrial System & Automotive	Aerospace, Marine & Rolling Stock	Information Industry	Metals	Energy	Chemicals	Housing Materials & General Merchandise	Consumer Products	Construction & Urban Development	Total	Elimination or Unallocated	Consolidated
Total trading transactions:													
Outside customers	$1,584,211	$3,156,654	$5,282,361	$2,180,647	$9,607,090	$7,470,789	$2,709,496	$4,682,496	$2,992,248	$1,301,226	$40,967,218	$ 119,429	$41,086,647
Intersegment	24,097	157,128	141,707	2,924	310,121	178,226	66,309	17,121	72,902	15,458	985,993	(985,993)	—
Total	1,608,308	3,313,782	5,424,068	2,183,571	9,917,211	7,649,015	2,775,805	4,699,617	3,065,150	1,316,684	41,953,211	(866,564)	41,086,647
Operating expenses	1,611,947	3,250,902	5,398,083	2,011,729	9,845,564	7,631,744	2,738,564	4,684,053	3,045,827	1,269,384	41,487,797	(773,030)	40,714,767
Operating income (loss)	$ (3,639)	$ 62,880	$ 25,985	$ 171,842	$ 71,647	$ 17,271	$ 37,241	$ 15,564	$ 19,323	$ 47,300	$ 465,414	$ (93,534)	$ 371,880
Assets	$2,132,918	$1,559,601	$2,497,390	$1,748,678	$4,355,399	$ 864,323	$1,626,774	$1,496,082	$ 986,879	$2,205,866	$19,473,910	$2,763,519	$22,237,429
Depreciation and amortization	$ 1,925	$ 6,346	$ 37,842	$ 16,865	$ 32,022	$ 5,602	$ 53,383	$ 2,519	$ 5,316	$ 4,737	$ 166,557	$ 38,195	$ 204,752
Capital expenditures	$ 4,082	$ 10,376	$ 134,850	$ 28,571	$ 16,226	$ 4,872	$ 45,707	$ 9,038	$ 1,045	$ 17,256	$ 272,023	$ 80,609	$ 352,632

Assets in the eliminations or unallocated column, totalling ¥433,544 million ($3,259,729 thousand) consist primarily of cash and cash equivalents, and securities for financial activities.

Millions of yen

Year ended March 31, 2001	Plant & Project	Industrial System & Automotive	Aerospace, Marine & Rolling Stock	Information Industry	Metals	Energy	Chemicals	Housing Materials & General Merchandise	Consumer Products	Construction & Urban Development	Total	Elimination or Unallocated	Consolidated
Total trading transactions:													
Outside customers	¥357,428	¥428,635	¥632,885	¥218,430	¥1,611,122	¥1,077,938	¥500,528	¥746,569	¥610,980	¥268,240	¥6,452,755	¥ 21,647	¥6,474,402
Intersegment	24,288	26,320	11,006	518	56,491	29,223	14,415	3,704	18,058	6,423	190,446	(190,446)	—
Total	381,716	454,955	643,891	218,948	1,667,613	1,107,161	514,943	750,273	629,038	274,663	6,643,201	(168,799)	6,474,402
Operating expenses	378,916	448,590	640,305	204,558	1,653,863	1,103,236	503,699	745,669	624,173	265,156	6,568,165	(156,016)	6,412,149
Operating income	¥ 2,800	¥ 6,365	¥ 3,586	¥ 14,390	¥ 13,750	¥ 3,925	¥ 11,244	¥ 4,604	¥ 4,865	¥ 9,507	¥ 75,036	¥ (12,783)	¥ 62,253
Assets	¥363,639	¥226,715	¥332,395	¥265,689	¥ 634,316	¥ 130,574	¥250,681	¥228,723	¥225,069	¥302,123	¥2,959,927	¥ 654,050	¥3,613,977
Depreciation and amortization	¥ 237	¥ 412	¥ 3,473	¥ 1,782	¥ 4,314	¥ 1,000	¥ 7,082	¥ 556	¥ 2,037	¥ 141	¥ 21,039	¥ 4,344	¥ 25,383
Capital expenditures	¥ 514	¥ 1,389	¥ 17,966	¥ 3,552	¥ 6,111	¥ 990	¥ 4,268	¥ 1,672	¥ 1,041	¥ 9,164	¥ 46,671	¥ 30,883	¥ 77,555

Assets in the eliminations or unallocated column, totalling ¥764,981 million consist primarily of cash and cash equivalents, and securities for financial activities.

Millions of yen

Year ended March 31, 2000	Plant & Project	Industrial System & Automotive	Aerospace, Marine & Rolling Stock	Information Industry	Metals	Energy	Chemicals	Housing Materials & General Merchandise	Consumer Products	Construction & Urban Development	Total	Elimination or Unallocated	Consolidated
Total trading transactions:													
Outside customers	¥634,866	¥401,459	¥727,426	¥252,820	¥1,753,110	¥856,389	¥590,577	¥1,041,483	¥675,816	¥304,562	¥7,238,508	¥ 42,796	¥7,281,304
Intersegment	28,136	20,863	35,359	16,543	71,821	8,559	25,004	6,501	100,761	17,204	330,751	(330,751)	—
Total	663,002	422,322	762,785	269,364	1,824,931	864,948	615,581	1,047,984	776,577	321,766	7,569,259	(287,955)	7,281,304
Operating expenses	658,944	416,482	758,553	266,638	1,813,513	860,292	606,654	1,038,770	773,514	313,643	7,507,002	(274,786)	7,232,216
Operating income	¥ 4,058	¥ 5,840	¥ 4,232	¥ 2,726	¥ 11,418	¥ 4,656	¥ 8,927	¥ 9,214	¥ 3,063	¥ 8,123	¥ 62,257	¥ (13,169)	¥ 49,088
Assets	¥436,661	¥205,344	¥348,055	¥184,398	¥ 734,872	¥172,898	¥288,808	¥ 241,824	¥256,522	¥363,502	¥3,232,883	¥ 845,403	¥4,078,286
Depreciation and amortization	¥ 134	¥ 350	¥ 3,409	¥ 1,779	¥ 3,193	¥ 1,452	¥ 5,957	¥ 708	¥ 2,128	¥ 1,062	¥ 20,178	¥ 7,886	¥ 28,064
Capital expenditures	¥ 11	¥ 640	¥ 3,005	¥ 2,593	¥ 7,177	¥ 2,581	¥ 4,125	¥ 497	¥ 496	¥ 6,422	¥ 27,551	¥ 12,722	¥ 40,274

Assets in the eliminations or unallocated column, totalling ¥957,623 million consist primarily of foreign currency translation adjustments, cash and cash equivalents, and securities for financial activities.

Segment information by geographic area was as follows:

Millions of yen

Year ended March 31, 2002	Japan	North America	Europe	Asia, Oceania	Other Areas	Total	Elimination or Unallocated	Consolidated
Total trading transactions:								
Outside customers	¥4,349,508	¥360,918	¥178,332	¥ 529,195	¥46,571	¥5,464,524	¥ —	¥5,464,524
Inter-areas	285,402	598,511	61,203	524,980	439	1,470,535	(1,470,535)	—
Total	4,634,910	959,429	239,535	1,054,175	47,010	6,935,059	(1,470,535)	5,464,524
Operating expenses	4,598,063	961,391	238,093	1,045,447	43,832	6,886,826	(1,471,762)	5,415,064
Operating income (loss)	¥ 36,847	¥ (1,962)	¥ 1,442	¥ 8,728	¥ 3,178	¥ 48,233	¥ 1,227	¥ 49,460
Assets	¥2,434,693	¥311,001	¥446,704	¥ 397,258	¥79,777	¥3,669,433	¥ (711,855)	¥2,957,578

Thousands of U.S. dollars

Year ended March 31, 2002	Japan	North America	Europe	Asia, Oceania	Other Areas	Total	Elimination or Unallocated	Consolidated
Total trading transactions:								
Outside customers	$32,703,068	$2,713,669	$1,340,842	$3,978,910	$350,158	$41,086,647	$ —	$41,086,647
Inter-areas	2,145,879	4,500,083	460,173	3,947,218	3,301	11,056,654	(11,056,654)	—
Total	34,848,947	7,213,752	1,801,015	7,926,128	353,459	52,143,301	(11,056,654)	41,086,647
Operating expenses	34,571,902	7,228,504	1,790,173	7,860,504	329,564	51,780,647	(11,065,880)	40,714,767
Operating income (loss)	$ 277,045	$ (14,752)	$ 10,842	$ 65,624	$ 23,895	$ 362,654	$ 9,226	$ 371,880
Assets	$18,305,963	$2,338,353	$3,358,677	$2,986,902	$599,827	$27,589,722	$ (5,352,293)	$22,237,429

							Millions of yen
Year ended March 31, 2001	Japan	North America	Europe	Asia, Oceania	Other Areas	Elimination or Unallocated	Consolidated
Total trading transactions:							
Outside customers	¥5,088,746	¥484,334	¥193,656	¥ 668,607	¥39,058	¥ —	¥6,474,402
Inter-areas	402,221	435,577	262,458	333,453	350	(1,434,059)	—
Total	5,490,967	919,911	456,114	1,002,060	39,408	(1,434,059)	6,474,402
Operating expenses	5,446,374	917,095	453,397	993,107	38,043	(1,435,869)	6,412,149
Operating income	¥ 44,593	¥ 2,816	¥ 2,717	¥ 8,953	¥ 1,365	¥ 1,810	¥ 62,253
Assets	¥2,909,968	¥305,837	¥500,313	¥ 419,137	¥97,996	¥ (619,276)	¥3,613,977

							Millions of yen
Year ended March 31, 2000	Japan	North America	Europe	Asia, Oceania	Other Areas	Elimination or Unallocated	Consolidated
Total trading transactions:							
Outside customers	¥5,912,447	¥ 717,396	¥144,916	¥486,343	¥ 20,202	¥ —	¥7,281,304
Inter-areas	673,472	420,103	248,524	385,616	239	(1,727,954)	—
Total	6,585,919	1,137,499	393,440	871,959	20,441	(1,727,954)	7,281,304
Operating expenses	6,548,076	1,134,908	389,099	868,665	21,035	(1,729,567)	7,232,216
Operating income (loss)	¥ 37,843	¥ 2,591	¥ 4,341	¥ 3,294	¥ (594)	¥ 1,613	¥ 49,088
Assets	¥3,117,732	¥ 308,445	¥589,948	¥433,201	¥209,994	¥ (581,034)	¥4,078,286

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

North America..........U.S.A. and Canada
Europe ....United Kingdom and Germany
Asia, Oceania...........Singapore, Thailand and China
Other areas ....Central and South America and Africa

Included in assets in the elimination or unallocated column at March 31, 2000 are foreign currency translation adjustments of ¥87,274 million.

Overseas trading transactions for the years ended March 31, 2002, 2001 and 2000 were as follows:

			Millions of yen	Thousands of U.S. dollars
	2002	2001	2000	**2002**
North America	**¥ 453,278**	¥ 533,170	¥ 830,853	**$ 3,408,105**
Europe	**261,089**	301,924	361,585	**1,963,075**
Asia, Oceania	**799,945**	931,961	853,834	**6,014,624**
Other areas	**401,954**	558,005	696,108	**3,022,211**
	¥1,916,266	¥2,325,060	¥2,742,380	**$14,408,015**

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

North America......U.S.A. and Canada
Europe ....United Kingdom, Spain and Belgium
Asia, Oceania.......Thailand and China
Other areas ....Middle and Near East and Central and South America

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
	2002	2001	2000	**2002**
Net sales	**¥125,885**	¥167,590	¥177,026	**$ 946,504**
Purchases	**153,488**	175,536	263,370	**1,154,045**

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
	2002	2001	2000	**2002**
Gain on sale of securities	**¥ 28,767**	¥ 89,494	¥101,266	**$ 216,293**
Dilution gains from changes in equity interest	**12,532**	—	—	**94,226**
Loss on revaluation of securities	**(15,731)**	(33,786)	(25,632)	**(118,278)**
(Loss) gain on disposal of properties	**(4,554)**	14,364	(5,125)	**(34,241)**
Loss, and provision for loss, on the dissolution of subsidiaries and affiliates	**(26,448)**	(8,438)	(20,612)	**(198,857)**
Extraordinary loss on changes in retirement benefits plans	**(11,392)**	—	—	**(85,654)**
Cost of moving headquarters	**(2,591)**	—	—	**(19,481)**
Provision for overseas doubtful receivables	**(2,405)**	(21,880)	(34,605)	**(18,083)**
Loss on disposal of inventories	**(1,169)**	—	—	**(8,789)**
Loss on translation of receivables and payables in foreign currencies	**—**	(6,499)	(7,633)	**—**
Special early retirement benefits	**—**	(4,604)	(5,052)	**—**
Loss on interest rate swaps revaluation	**—**	(30,667)	—	**—**
Other	**185**	(634)	(4,755)	**1,391**
	¥(22,806)	¥ (2,650)	¥ (2,148)	**$(171,473)**

10. EMPLOYEES’ SEVERANCE AND RETIREMENT BENEFITS

As explained in Note 2. Summary of Significant Accounting Policies, effective April 1, 2000, the Company and its consolidated domestic subsidiaries adopted the new accounting standard for employees’ severance and retirement benefits, under which the liabilities and expense for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations. Also, the Company changed from using “Defined Benefits Pension Plan” to the “Defined Contribution Pension Plan.”

Details of projected benefit obligation, fair value of pension assets, and liability for employees’ retirement benefits at March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31	**2002**	2001	**2002**
Projected benefit obligation	**¥75,092**	¥172,111	**$564,602**
Fair value of pension assets	**(7,898)**	(92,890)	**(59,384)**
Liabilities for employees’ retirement benefits	**(26,002)**	(13,251)	**(195,504)**
Unrecognized projected benefit obligation	**¥41,192**	¥ 65,969	**$309,714**

Unrecognized projected benefit obligation at March 31, 2002 and 2001 was as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31	**2002**	2001	**2002**
Unrecognized net transition obligation	**¥42,045**	¥54,328	**$316,128**
Unrecognized prior service costs	**(7,048)**	—	**(52,992)**
Unrecognized actuarial differences	**6,195**	11,640	**46,578**
Unrecognized projected benefit obligation	**¥41,192**	¥65,969	**$309,714**

Included in the consolidated statements of income for the years ended March 31, 2002 and 2001 are severance and retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of U.S. dollars
At March 31	**2002**	2001	**2002**
Service costs—benefits earned during the year	**¥ 5,821**	¥ 6,865	**$ 43,767**
Interest cost on projected benefit obligation	**5,072**	5,620	**38,135**
Expected return on plan assets	**(2,729)**	(2,899)	**(20,519)**
Amortization of net transition obligation	**5,990**	7,963	**45,038**
Amortization of actuarial differences	**1,150**	—	**8,647**
Severance and retirement benefit expenses	**¥15,304**	¥17,549	**$155,068**

At the end of the years ended March 31, 2002 and 2001 the discount rates used by the Companies were mainly 2.50% and 3.00%, respectively. The rate of expected return on plan assets used by the Companies is mainly 3.00%.

Principally, the estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total years.

Past service costs will be recognized as an expense in equal amounts mainly over 8 years.

Actuarial gains/losses are generally recognized in the income statement in equal amounts over 10 years.

The unrecognized net transition obligation is recognized in the income statement in equal amounts over 10 years, except for certain consolidated subsidiaries.

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to a number of different taxes based on income which in the aggregate, for the years ended March 31, 2002, 2001 and 2000, indicate on approximate statutory rate of 42%. Foreign subsidiaries are subject to income taxes of the countries where they operate.

Significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
At March 31	**2002**	2001	**2002**
Deferred tax assets:			
Allowance for doubtful receivables	**¥ 47,651**	¥ 37,027	**$358,278**
Loss on revaluation of investment securities	**8,679**	—	**65,256**
Unrealized losses on securities available for sale	**7,122**	12,409	**53,549**
Employees' retirement benefits	**9,058**	3,259	**68,105**
Unrealized intercompany profit	**9,993**	11,599	**75,135**
Other	**9,407**	12,425	**70,729**
Less valuation allowance	**(12,021)**	(7,159)	**(90,383)**
Offset to deferred tax liabilities	**(6,251)**	(3,702)	**(47,000)**
Deferred tax assets	**73,638**	65,858	**553,669**
Deferred tax liabilities:			
Unrealized gains on securities available for sale	**4,772**	18,154	**35,880**
Deferred gain on sale of properties	**1,453**	3,852	**10,925**
Other	**11,863**	10,663	**89,195**
Offset to deferred tax assets	**(6,251)**	(3,702)	**(47,000)**
Deferred tax liabilities	**11,837**	28,967	**89,000**
Net deferred tax assets	**¥ 61,801**	¥ 36,891	**$464,669**

At March 31, 2002 and 2001, deferred tax assets of ¥14,374 million ($108,075 thousand) and ¥12,736 million, respectively, for net operating loss carryforwards of consolidated subsidiaries have not been recognized.

The difference between the statutory tax rate of 42.1% and the effective rate of income taxes reflected in the accompanying consolidated statements of income of 54.1% and 36.2% for the years ended March 31, 2002, 2001, respectively, were as follows:

At March 31	**2002**	2001	2000
Statutory tax rate	**42.1%**	42.1%	42.1%
Unrealized intercompany profit	**96.5**	—(*)	—(*)
Tax benefits realized on losses of subsidiaries	**(90.1)**	—(*)	—(*)
Tax benefits not recognized on operating losses of subsidiaries	**67.9**	—(*)	—(*)
Foreign tax credit	**(54.7)**	(14.6)	—(*)
Dilution gains from changes in equity interest	**(52.9)**	—(*)	—(*)
Amortization of goodwill recognized on consolidation	**25.9**	—(*)	6.6
Effect of taxation on dividends from consolidated subsidiaries and affiliates	**24.3**	—(*)	—(*)
Equity in losses of unconsolidated subsidiaries and affiliates	**—(*)**	8.9	4.7
Other	**(4.9)**	(0.2)	(2.8)
Effective rate of income taxes reflected in the accompanying consolidated statements of income	**54.1%**	36.2%	50.6%

The items with asterisk in this schedule are included in "Other." (Because they were not determined in prior years.)

12. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2002, were as follows:

	Millions of yen	Thousands of U.S. dollars
For repurchase of notes discounted and endorsed	¥ 34,263	$ 257,617
For guarantees of indebtedness to:		
Unconsolidated subsidiaries and affiliates	¥ 47,817	$ 359,526
Others	89,455	672,594
	¥137,272	$1,032,120

Contingent liabilities for guarantees of indebtedness consist of obligations under letters of guarantees, letters of awareness, and other standby agreements.

13. LEASES

Information on finance leases of the Companies is as follows:

Non-capitalized finance leases, as lessee:	Millions of yen				Thousands of U.S. dollars
At March 31, 2002	Buildings and structures	Equipment and fixtures	Other	Total	Total
Original lease obligation, including finance charges	¥735	¥11,561	¥983	¥13,279	$99,842
Future minimum lease payments	187	4,760	341	5,288	39,759
Portion due within one year				1,885	14,173

	Millions of yen			
At March 31, 2001	Buildings and structures	Equipment and fixtures	Other	Total
Original lease obligation, including finance charges	¥787	¥13,325	¥1,389	¥15,501
Future minimum lease payments	315	5,823	542	6,680
Portion due within one year				2,420

Lease payments for the years ended March 31, 2002, 2001 and 2000 were ¥1,422 million ($10,692 thousand), ¥1,673 million and ¥688 million, respectively.

Finance leases, as lessor:	Millions of yen				Thousands of U.S. dollars
At March 31, 2002	Buildings and structures	Equipment and fixtures	Other	Total	Total
Lease properties, at cost	¥361	¥4,330	¥232	¥4,923	$37,015
Lease properties, less accumulated depreciation	138	1,469	193	1,800	13,534

	Millions of yen			
At March 31, 2001	Buildings and structures	Equipment and fixtures	Other	Total
Lease properties, at cost	¥422	¥6,346	¥189	¥6,957
Lease properties, less accumulated depreciation	137	1,994	110	2,241

Future minimum lease payments to be received after March 31, 2002 are ¥3,607 million ($27,120 thousand) of which ¥1,434 million ($10,782 thousand) is due within one year.

Lease payments received for the years ended March 31, 2002, 2001 and 2000 were ¥920 million ($6,917 thousand), ¥1,676 million and ¥3,549 million, respectively.

As lessee under noncancelable operating leases, future minimum lease payments are ¥1,700 million ($12,782 thousand) of which ¥617 million ($4,639 thousand) is due within one year. And as lessor, future minimum lease payments to be received are ¥151 million ($1,135 thousand) of which ¥76 million ($571 thousand) is due within one year.

14. DERIVATIVE INSTRUMENTS

The Companies use foreign exchange contracts, currency options, swap 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 Companies select 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. The Company and each consolidated subsidiary's accounting sections also confirm the outstanding positions and fair values with counter parties. The results of these procedures are reported to the Company's risk control section.

The Companies evaluate hedge effectiveness semi-annually by comparing the cumulative changes in cash flows or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.

The following summarizes hedging derivative financial instruments used by the Companies and items hedged:

Hedging instruments:	
Currency related contracts:	Foreign exchange contracts and Currency swap contracts
Interest related contracts:	Interest rate swap contracts and Option (cap) contracts
Commodity related contracts:	Future contracts and Forward contracts
Hedged items:	
Currency related contracts:	Foreign currency receivables and debts and Foreign currency forecasted contracts
Interest related contracts:	Interest on financial assets (including accounts receivable, bonds, loan receivable) and financial liabilities (including loan payable, bonds and convertible bonds)
Commodity related contracts:	Balance of commodity trading contracts

The following tables summarize market value information as of March 31, 2002, 2001 and 2000 of derivative transactions for which hedge accounting has not been applied.

Outstanding positions and recognized gains and losses at March 31, 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	Contract amount	Recognized gains (losses)	Recognized gains (losses)
Currency related contracts:			
Swap contracts			
Purchase U.S. dollars	¥ 2,086	¥ 25	$ 188
Total		¥ 25	$ 188
Interest rate related contracts:			
Option contracts			
Swaption Purchase	¥ 1,000	¥ (55)	$ (414)
Swap contracts			
Receive fixed for variable rates	7,633	532	4,000
Receive variable for fixed rates	7,591	(194)	(1,458)
Receive variable for variable rates	1,799	(8)	(60)
Total		¥ 275	$ 2,068
Security related contracts:			
Swap contracts	¥20,262	¥(473)	$(3,556)
Total	¥20,262	¥(473)	$(3,556)
Other related contracts:			
Credit swap contracts	¥ 5,278	¥ (49)	$ (368)
Total		¥ (49)	$ (368)
Commodity related contracts:			
Future contracts			
Foodstuffs Sell	¥ 1,296	¥ (56)	$ (421)
Purchase	936	19	143
Forward contracts			
Metals Sell	1,100	5	37
Total		¥ (32)	$ (241)

Outstanding positions and unrealized gains and losses at March 31, 2001 were as follows:

		Millions of yen	
		Contract amount	Unrealized gains (losses)
Currency related contracts:			
Swap contracts			
Sell	U.S. dollars	¥ 1,182	¥ (240)
Purchase	U.S. dollars	4,699	78
Total			¥ (162)
Interest rate related contracts:			
Option contracts			
Swaption	Purchase	¥ 1,000	¥ (54)
Swap contracts			
Receive fixed for variable rates		84,075	579
Receive variable for fixed rates		92,247	(7,686)
Receive variable for variable rates		1,243	8
Total			¥(7,153)
Bond related contracts:			
Forward contracts			
Bond	Purchase	¥10,000	¥ (200)
Total			¥ (200)
Other related contracts:			
Credit swap contracts		¥ 2,147	¥ 13
Total			¥ 13
Commodity related contracts:			
Future contracts			
Metals	Sell	¥ 523	¥ (2)
	Purchase	7	—
Foodstuffs	Sell	284	—
	Purchase	272	(17)
Forward contracts			
Metals	Sell	2,849	61
	Purchase	6,020	191
Total			¥ 233

Contract amounts of option and swap contracts are represented by notional amounts which are not appropriate for evaluating market or credit risk.

Outstanding positions and unrealized gains and losses at March 31, 2000 were as follows:

		Millions of yen
	Contract amount	Unrealized gains (losses)
Currency related contracts:		
Foreign exchange contracts		
Sell U.S. dollars	¥48,930	¥ (144)
Other currencies	2,317	161
Purchase U.S. dollars	43,542	(836)
Euro	2,970	(110)
Other currencies	2,552	(186)
Swap contracts		
U.S. dollars	4,714	(492)
German marks	22,533	(7,006)
Total		¥(8,613)
Interest rate related contracts:		
Option contracts		
Cap Purchase	¥ 750	¥ (20)
Swaption Sell	2,511	(19)
Purchase	3,284	(63)
Swap contracts		
Receive fixed for variable rates	152,394	8,207
Receive variable for fixed rates	571,895	(17,194)
Receive variable for variable rates	48,389	405
Total		¥ (8,684)
Bond related contracts:		
Future contracts		
Bond Purchase	¥ 2,359	¥ 8
Forward contracts		
Bond Purchase	10,000	(418)
Total		¥ (410)
Other related contracts:		
Credit swap contracts	¥ 7,781	¥ 109
Total		¥ 109
Commodity related contracts:		
Future contracts		
Metals Sell	¥ 2,819	¥ 48
Purchase	3,256	3
Foodstuffs Sell	3,062	56
Purchase	4,522	65
Forward contracts		
Metals Sell	61,970	(1,672)
Purchase	47,322	(1,093)
Option contracts		
Foodstuffs		
Sell options		
Call	394	(23)
Purchase options		
Call	1,458	(2)
Total		¥ (2,618)

Contract amounts of option and swap contracts are represented by notional amounts which are not appropriate for evaluating market or credit risk.

15. CASH FLOW FROM ACQUISITION AND SALE OF CONSOLIDATED SUBSIDIARIES

The amounts of assets and liabilities at the time the Companies sold investment securities in consolidated subsidiaries, which were unconsolidated for the year ended March 31, 2002, are as follows:

	Millions of yen	Thousands of U.S. dollars
Current assets	¥27,861	$209,481
Non-current assets	14,188	106,677
Deferred charges	4	30
Total	¥42,053	$316,188

	Millions of yen	Thousands of U.S. dollars
Current liabilities	¥30,339	$228,113
Non-current liabilities	6,833	51,376
Total	¥37,172	$279,489

The amounts of assets and liabilities at the time the Companies acquired control of information technology related subsidiaries from Nichimen Corp., which were newly consolidated for the year ended March 31, 2001 and acquisition cost of those companies and the amounts of net expenditure for acquisition are as follows:

	Millions of yen
Current assets	¥20,157
Non-current assets	3,634
Goodwill recognized on consolidation	40,315
Current liabilities	(20,812)
Long-term liabilities	(259)
Minority interests	(133)
Acquisition cost	42,902
Cash and cash equivalents of acquired companies	(3,629)
Net expenditure	¥39,273

16. EFFECT OF BANK HOLIDAYS ON MARCH 31, 2002 AND 2001

In case the balance sheet date is a bank holiday, notes maturing on the balance sheet date are settled on the following business day and accounted for accordingly. The effects of the settlements on April 1, 2002 instead of March 31, 2002 and on April 2, 2001 instead of March 31, 2001 included the following:

		Millions of yen		Thousands of U.S. dollars
		2002	2001	**2002**
Notes receivable	Increased by	**¥18,398**	¥28,832	**$138,331**
Notes payable	Increased by	**19,599**	26,912	**147,361**
Cash and cash equivalents (increased) decreased by		**¥ (1,201)**	¥ 1,920	**$ (9,030)**

17. SUBSEQUENT EVENTS

—Spin-off of Steel Products Business (Kaisha-Bunkatsu)—
The Company and Mitsubishi Corporation (Mitsubishi) agreed to the basic conditions for consolidation of their steel products businesses on March 27, 2002. A spin-off plan under the agreement was approved by the Board of Directors of the Company on May 17, 2002 and by the General Meeting of Shareholders on June 26, 2002. The Company and Mitsubishi will separate their respective steel products businesses, consolidating them under a newly established company that will carry on the operations from January 1, 2003.

(1) Purpose of the spin-off

In order to improve the profitability of the Company's steel products operations, it is imperative that the Company strengthens its cost competitiveness, functions and services, both for steel mills as well as its customers. In order to achieve this, the Company believes that it is essential to cut indirect expenses, build and expand an optimal distribution network, and make routine work associated with trading more efficient through the use of information technology. Mitsubishi not only shares this conviction but has accumulated extensive experience and know-how in the steel products business and has a vast customer base of its own, which makes it a formidable player in the sector.

The Company and Mitsubishi will thus complement each other. The consolidated operations will allow them to rationalize business operations on a global scale by merging duplicate offices and administrative divisions, provide the merits of efficiency of scale, and allow them to build a diverse management structure.

(2) Details of the business units to be spun off

Import and export as well as domestic and third-country sales of steel products

(3) Details of the business to be spun off as of March 31, 2002

Total assets: approximately ¥184,400 million ($1,386,466 thousand)
Liabilities: approximately ¥124,400 million ($935,338 thousand)
Total trading transactions: approximately ¥626,000 million ($4,706,767 thousand)

(4) The outline of the new company

Name of the new company: Metal One Corporation
Capital: ¥100 billion
Ownership of the new company: the Company 40%, Mitsubishi 60%
Date of establishment: January 2003
Location of head office: Minato-Ku Tokyo, Japan
Scale: Consolidated total assets approximately ¥1,000,000 million
Consolidated total trading transactions approximately ¥2,100,000 million
Employees: approximately 750
Details of the business: Domestic sales, exports and imports of steel products, production and processing of semi-finished products, and all other tasks related with the above

(5) Business operations to be taken over by the new company

All assets and liabilities of the steel products division of the Company's Metals division company, as well as all rights and duties associated with such assets and liabilities, including legally valid permits, recognized trademarks, etc., as of the date of the spin-off.

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, 2002 and 2001, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2002, 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, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2002 in conformity with accounting principles generally accepted in Japan (Note 1) applied on a consistent basis, during the periods, except for the new accounting policies and changes in accounting policies, with which we concur, as noted in the following paragraph.

As explained in Note 2, Nissho Iwai Corporation and subsidiaries prospectively adopted new Japanese accounting standards for consolidation and equity method accounting and software in the year ended March 31, 2000, and adopted new Japanese accounting standards for financial instruments, employees' severance and retirement benefits and foreign currency translation in the year ended March 31, 2001. Also, Nissho Iwai Corporation and subsidiaries changed their method of accounting for securities with respect to certain subsidiaries in the United States of America as referred to in Note 2 effective for the year ended March 31, 2000, and changed their methods of disclosure of segment information as described in Note 7, effective for the year ended March 31, 2001. For the year ended March 31, 2002, Nissho Iwai Corporation changed the method of accounting for available-for-sale securities with available fair market values as explained in Note 2.

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.

Tokyo, Japan
June 26, 2002

Asahi & Co

Asahi & Co

Global Network As of July1, 2002

Offices

JAPAN

HEADQUARTERS:

OSAKA
TOKYO

OTHER OFFICES:

NAGOYA (AICHI PREF.)
KYUSHU (FUKUOKA PREF.)
HOKKAIDO (HOKKAIDO PREF.)
CHUGOKU (HIROSHIMA PREF.)
CHIBA (CHIBA PREF.)
CHITA (AICHI 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.)
MATSUYAMA (EHIME 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

U. S. A.

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

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NISSHO IWAI CANADA LTD.
TORONTO / INGERSOLL / VANCOUVER

MEXICO

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

PANAMA

NISSHO IWAI PANAMA INTERNATIONAL S.A.
PANAMA

GUATEMALA

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

HAVANA

EUROPE AND AFRICA

U.K.

NISSHO IWAI EUROPE PLC
LONDON

NORWAY

NISSHO IWAI EUROPE PLC
OSLO

GERMANY

NISSHO IWAI DEUTSCHLAND GMBH
DÜSSELDORF / HAMBURG

FINLAND

NISSHO IWAI DEUTSCHLAND GMBH
HELSINKI

BELGIUM

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PARIS / CHERBOURG

ITALY

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BUCHAREST

POLAND

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ANGOLA

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KENYA

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RIYADH
JEDDAH

YEMEN

SANAA

U.A.E.

ABU DHABI
DUBAI

OMAN

MUSCAT

IRAQ

BAGHDAD

JORDAN

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KARACHI
ISLAMABAD

THAILAND

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THAI SUNROCK COMPANY LTD.
BANGKOK

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YANGON

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KUALA LUMPUR

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PHILIPPINE

INDONESIA

JAKARTA

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JAKARTA

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BRISBANE

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NISSHO IWAI AUSTRALIA LIMITED
PORT MORESBY

NEW ZEALAND

NISSHO IWAI NEW ZEALAND LIMITED
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TAIWAN

TAIPEI

NISSHO IWAI TAIWAN CORPORATION LIMITED
TAIPEI / KAOHSIUNG

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QINGDAO
WUHAN
CHONGQING
DALIAN
SHANGHAI

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NISSHO IWAI (SHANGHAI) CORPORATION
SHANGHAI / NANJING

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DALIAN

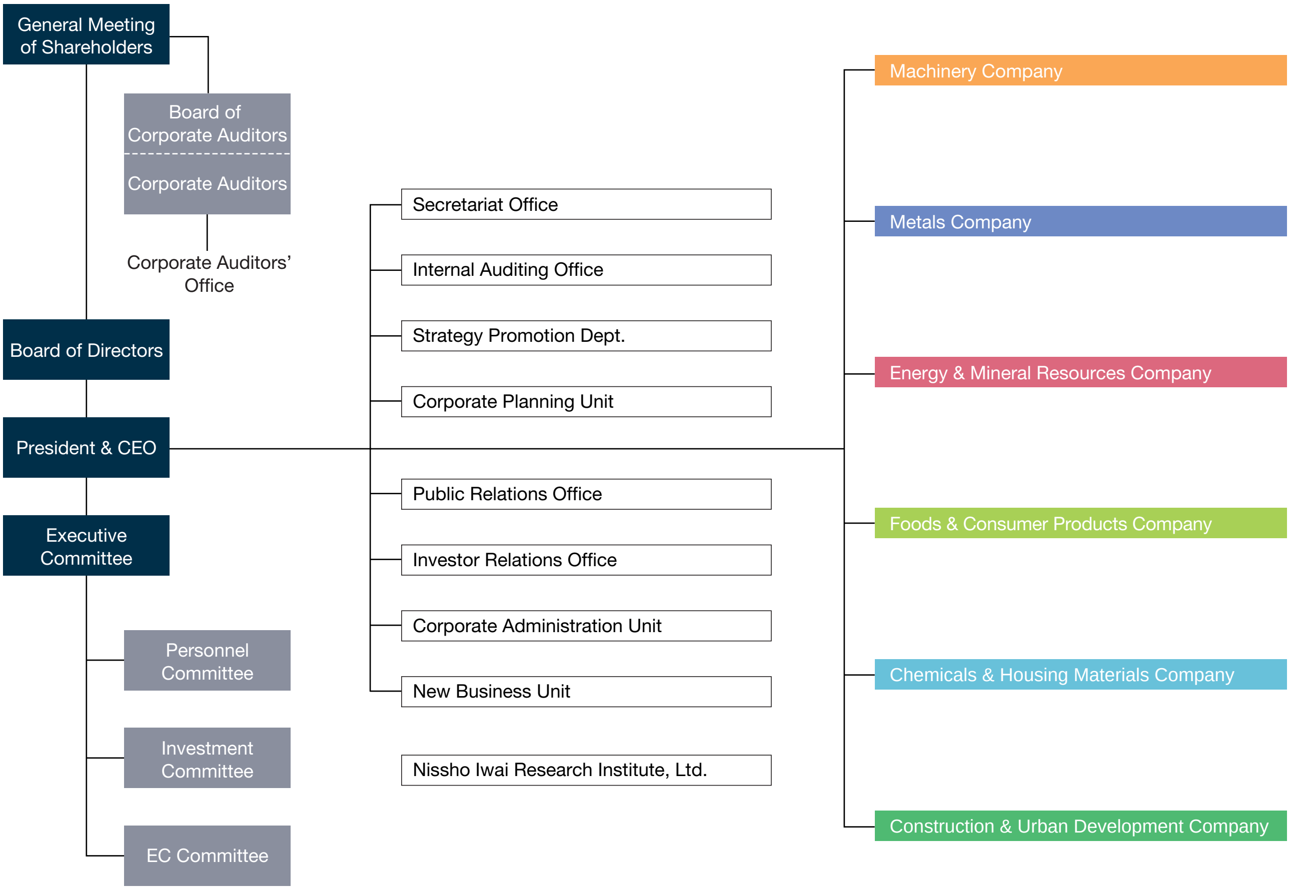
NISSHO IWAI (GUANGZHOU) CORPORATION
GUANGZHOU

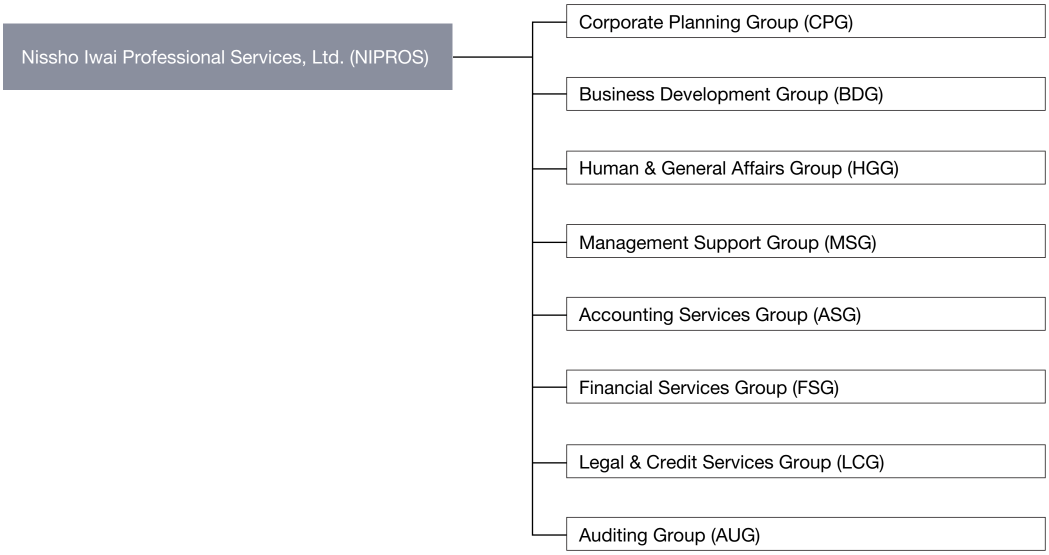
NISSHO IWAI (TIANJIN) CORPORATION
TIANJIN

NISSHO IWAI (QINGDAO) CORPORATION
QINGDAO

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

Corporate Organization As of July 1, 2002





Shareholders' Guide

The ownership and distribution of shares as of March 31, 2002, was as follows:

	Number of shares owned (thousands)	Percentage of total shares outstanding
Government and municipal corporation	0	0.00%
Financial institutions	318,531	36.43
Corporations	133,045	15.21
Individuals and others	382,464	43.74
Securities companies	19,514	2.23
Foreign corporations and individuals	20,880	2.39
Total	874,434	100.00%

Business term ends:	March 31
General meeting of shareholders held:	June
Newspaper in which public notice is made:	The Nihon Keizai Shimbun
Share transfer agents:	UFJ Trust Bank Limited 4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Agents' offices:	Head offices and branch offices of UFJ Trust Bank Limited and the Nomura Securities Co., Ltd.

Common Stock Price Range

(Tokyo Stock Exchange)

	High	Low	Trading volume (thousands of shares)
2000			
January–March	130	68	153,406
April–June	120	80	110,255
July–September	130	101	129,951
October–December	172	88	466,120
2001			
January–March	129	95	195,099
April–June	216	123	930,686
July–September	194	98	347,395
October–December	129	59	360,673
2002			
January–March	97	65	232,356
April–June	110	75	316,196

Note: The high and low prices include intraday trading results.

Corporate Data

(As of July 1, 2002)

Established:	February 8, 1928
Headquarters:	Tokyo: 3-1, Daiba 2-chome, Minato-ku, Tokyo 135-8655 Tel. +81-3-5520-5000 Osaka: 5-8, Imabashi 2-chome, Chuo-ku, Osaka 541-8558 Tel. +81-6-6209-2111
Number of employees:	Japanese: 2,345 Foreign nationals: 1,928*
Number of offices:	Domestic: 30 Overseas: 130

*Foreign Nationals figure only is as of March 31, 2002.

Additional copies of this annual report and other publications are available upon request from the Public Relations Office, Nissho Iwai Corporation,
2-3-1 Daiba, Minato-ku, Tokyo 135-8655, Japan
Tel: +81-3-5520-2400
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More For The World
NISSHO IWAI

NISSHO IWAI CORPORATION
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