

DATA FILE 2004

**Financial Highlights
Consolidated Financial Statements
Balance Sheets
Statements of Income
Appropriation of Retained Earnings
Statements of Cash Flows
Corporate Profile**

COSEL

Financial Highlights

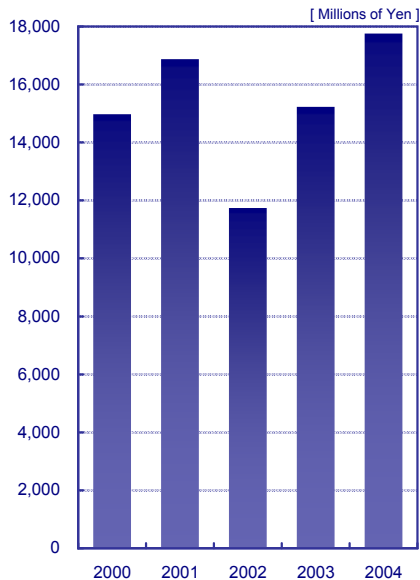
Years ended May 20 ; Millions of yen	2000	2001	2002	2003	2004
Consolidated					
Net Sales	14,970	16,873	11,734	15,225	17,754
Operating Income	3,777	4,449	1,559	3,627	4,566
Ordinary Profit	3,909	4,819	1,740	3,683	4,652
Net Income	2,229	2,630	722	2,071	2,689
Shareholders' Equity	16,225	17,621	17,920	19,433	21,576
Total Assets	20,703	22,283	20,810	22,968	25,395
Net Cash Used in Operating Activities	2,319	3,801	2,114	2,107	1,766
Net Cash Used in Investment Activities	(2,539)	(1,446)	(486)	(595)	(1,006)
Net Cash Used by Financing Activities	(428)	(1,143)	(407)	(518)	(570)
Cash and Cash Equivalents at End of Period	2,499	3,790	5,029	6,006	6,132
Capital Investment	501	1,071	858	381	984
Depreciation Expense	598	704	733	621	630
Employees	356	363	367	375	375
Temporary Employees - Average	131	121	110	104	114

Financial Data

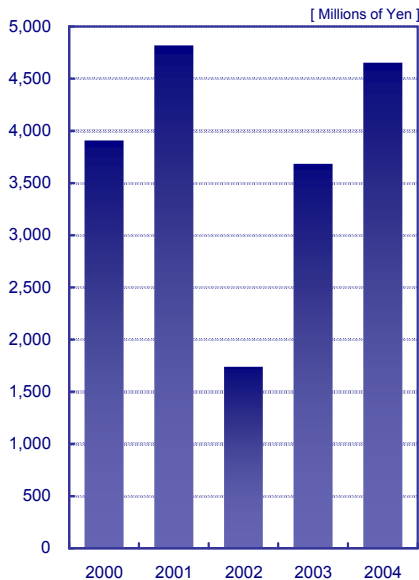
Years ended May 20 ; %	2000	2001	2002	2003	2004
Stability					
Shareholders' Equity Ratio	78.4	79.1	86.1	84.6	85.0
Current Ratio	276.6	337.5	532.8	511.8	534.9
Fixed Assets Ratio	56.6	48.7	53.5	47.1	45.8
Profitability					
Ordinary Profit on Sales	26.1	28.6	14.8	24.2	26.2
Net Income on Sales	14.9	15.6	6.2	13.6	15.1
Return on Equity	14.7	15.5	4.1	11.1	13.1
Investment Indicators					
Net Income per Share (Yen)	108.25	128.44	35.36	100.76	131.45
Shareholders' Equity per Share (Yen)	787.94	862.76	877.40	955.35	1,060.75

Years ended May 20 ; Millions of yen	2000	2001	2002	2003	2004
Non - Consolidated					
Net Sales	14,493	16,208	11,162	14,331	16,893
Operating Income	3,580	4,273	1,578	3,271	4,207
Ordinary Profit	3,726	4,743	1,831	3,397	4,397
Net Income	2,146	2,522	801	1,891	2,499
Common Stock	2,055	2,055	2,055	2,055	2,055
Shareholders' Equity	15,951	17,959	17,656	19,000	21,040
Total Assets	20,311	22,506	20,485	22,435	24,740
Shareholders' Equity per Share (Yen)	774.63	872.15	864.45	934.01	1,034.39
Dividend per Share (Yen)	20.00	24.00	14.00	19.00	37.00
Net Income per Share (Yen)	104.22	122.52	39.24	91.94	122.10

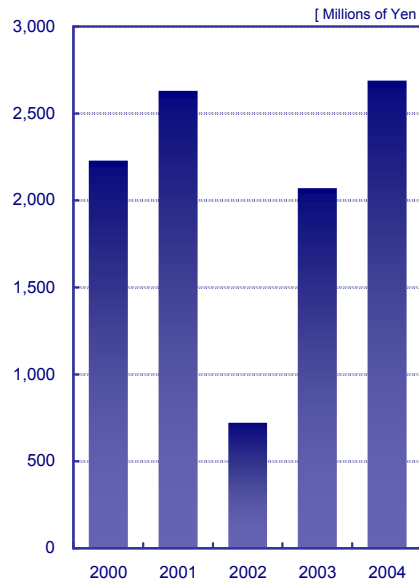
Net Sales



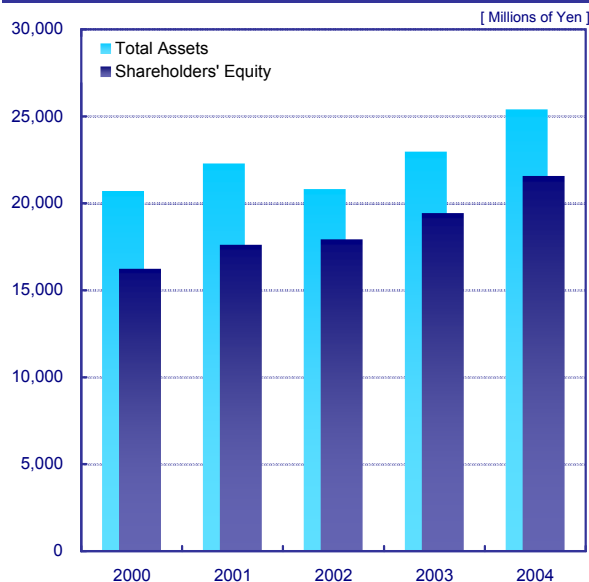
Ordinary Profit



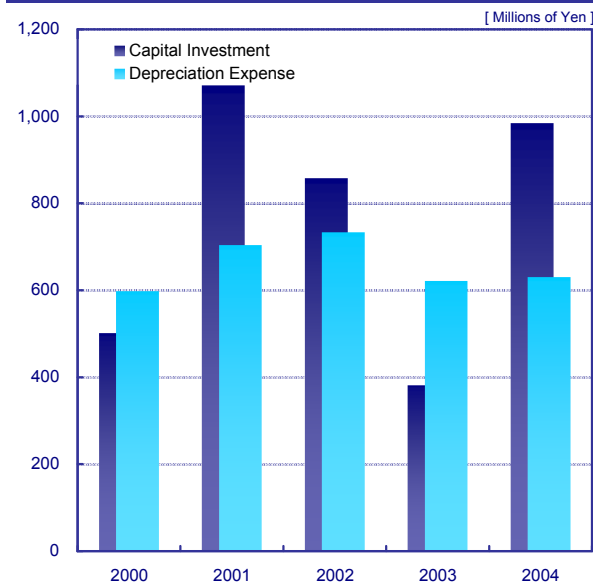
Net Income



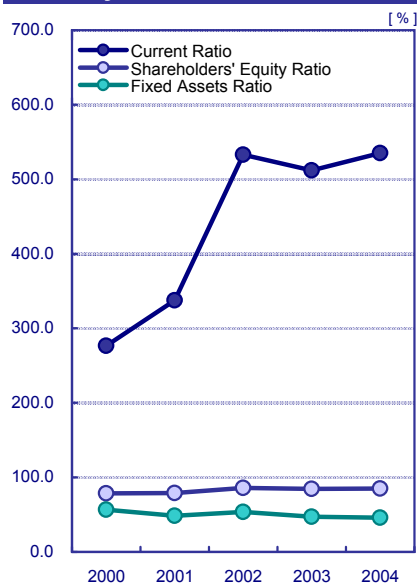
Total Assets / Shareholders' Equity



Capital Investment / Depreciation Expense



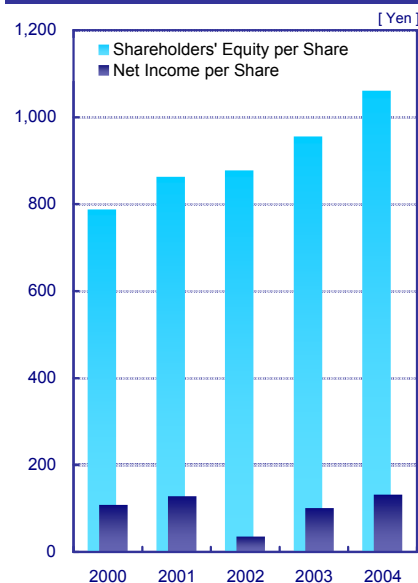
Stability



Profitability



Investment Indicators



Consolidated Balance Sheets

Years ended May 20 ; Thousands of yen

	2002	2003	2004
Assets			
Current Assets			
Cash and Deposits	859,502	1,815,550	2,339,371
Notes and Accounts Receivable	4,107,332	5,353,891	6,815,902
Marketable Securities	4,770,325	5,089,599	4,592,968
Inventories	1,289,270	1,268,123	1,407,068
Deferred Taxes	210,861	274,008	298,753
Other Current Assets	76,341	66,890	75,653
Allowance for Doubtful Accounts	(93,300)	(59,480)	(13,715)
Total Current Assets	11,220,333	13,808,583	15,516,001
Fixed Assets			
Tangible Fixed Assets			
Buildings and Structures	2,904,967	2,927,974	3,023,973
Accumulated Depreciation	1,468,736	1,582,660	1,688,787
	1,436,231	1,345,313	1,335,185
Machinery and Transportation Vehicles	3,173,389	3,252,538	3,330,417
Accumulated Depreciation	2,066,279	2,229,110	2,114,384
	1,107,109	1,023,428	1,216,032
Appliances and Fixtures	3,123,876	3,252,119	3,573,351
Accumulated Depreciation	2,534,979	2,755,709	2,960,624
	588,896	496,409	612,726
Land	996,310	996,310	996,310
Total Tangible Fixed Assets	4,128,548	3,861,462	4,160,255
Intangible Fixed Assets	28,029	14,114	6,111
Investments and Other Assets			
Investments in Securities	4,861,441	4,666,307	5,188,320
Deferred Taxes	476,125	513,419	414,520
Other Investments and Other Assets	211,137	219,809	224,682
Allowance for Doubtful Accounts	(115,054)	(115,054)	(113,910)
Total Investments and Other Assets	5,433,651	5,284,481	5,713,613
Total Fixed Assets	9,590,229	9,160,058	9,879,980
Total Assets	20,810,563	22,968,641	25,395,982
Liabilities			
Current Liabilities			
Notes and Accounts Payable-trade	1,084,271	659,165	750,871
Accrued Liabilities	195,127	194,267	464,738
Income Taxes Payable	329,709	1,240,530	1,114,924
Reserve for Bonuses	243,503	237,933	238,466
Notes Payable-plant and Equipment	52,652	—	—
Other Current Liabilities	200,467	366,262	331,869
Total Current Liabilities	2,105,732	2,698,158	2,900,870
Long-term Liabilities			
Retirement Benefits	425,194	448,793	509,631
Reserve for Directors' Retirement Allowances	358,900	387,700	405,500
Other Long-term Liabilities	—	—	3,414
Total Long-term Liabilities	784,094	836,493	918,545
Total Liabilities	2,889,827	3,534,651	3,819,415
Shareholders' Equity			
Common Stock	2,055,000	—	—
Capital Reserves	2,288,350	—	—
Consolidated Surplus	14,310,349	—	—
Unrealized Loss on Other Securities	(32,610)	—	—
Foreign Currency Translation Adjustments	(37,922)	—	—
Treasury Stock	(662,429)	—	—
Total Shareholders' Equity	17,920,735	—	—
Shareholders' Equity			
Common Stock	—	2,055,000	2,055,000
Capital Surplus	—	2,288,350	2,288,350
Retained Earnings	—	16,086,717	18,190,208
Unrealized Loss on Other Securities	—	(55,149)	72,946
Foreign Currency Translation Adjustments	—	(48,675)	(136,799)
Less Treasury Stock, at cost	—	(892,252)	(893,140)
Total Shareholders' Equity	—	19,433,989	21,576,566
Total Liabilities and Shareholders' Equity	20,810,563	22,968,641	25,395,982

Consolidated Statements of Income

Years ended May 20 ; Thousands of yen

	2002	2003	2004
Net Sales	11,734,634	15,225,965	17,754,133
Cost of Goods Sold	7,867,716	9,291,011	10,688,139
Gross Profit on Sales	3,866,917	5,934,953	7,065,993
Selling, General and Administrative Expense	2,307,239	2,307,153	2,499,915
Operating Income	1,559,678	3,627,800	4,566,078
Non-Operating Income			
Interest Income	123,923	86,547	75,413
Dividend Income	4,201	3,965	4,267
Foreign Exchange Gains	27,346	—	—
Others	25,465	30,263	53,566
	180,936	120,776	133,248
Non-Operating Expense			
Foreign Exchange Losses	—	60,170	46,981
Others	344	5,188	—
	344	65,358	46,981
Ordinary Profit	1,740,269	3,683,219	4,652,345
Extraordinary Income			
Gain on Sales of Fixed Assets	6,989	130	89
Good with Allowances for Doubtful Accounts	—	28,627	42,445
Others	—	25,056	3,731
	6,989	53,813	46,265
Extraordinary Losses			
Loss on Sales of Fixed Assets	115	171	57
Loss on Disposal of Fixed Assets	17,043	25,112	57,258
Loss on Valuation of Investment Securities	221,679	60,058	—
Loss Resulting from Change In Retirement Benefit Accounting Standards	187,988	—	—
Others	12,411	16,632	—
	439,237	101,975	57,316
Income before Taxes and Other Adjustments	1,308,021	3,635,057	4,641,294
Corporate, Inhabitant and Enterprise Taxes	692,492	1,652,260	1,966,645
Adjustment for Income and Other Taxes	(106,884)	(89,064)	(14,650)
	585,608	1,563,196	1,951,995
Net Income for the Period	722,413	2,071,860	2,689,298

Consolidated Appropriation of Retained Earnings

Years ended May 20 ; Thousands of yen

	2002	2003	2004
Retained Earnings, Beginning of Period	14,014,531	—	—
Deductions from Retained Earnings			
Dividend	408,495	—	—
Directors' Bonuses	18,100	—	—
	426,595	—	—
Net Income for the Period	722,413	—	—
Retained Earnings, End of Period	14,310,349	—	—
Capital Surplus			
Capital Surplus, Beginning of Period			
Additional Paid-in Capital	—	2,288,350	2,288,350
Capital Surplus, End of Period	—	2,288,350	2,288,350
Retained Earnings			
Retained Earnings, Beginning of Period	—	14,310,349	16,086,717
Increase of Retained Earnings			
Net Income for the Period	—	2,071,860	2,689,298
Decrease of Retained Earnings			
Dividend	—	285,941	569,087
Directors' Bonuses	—	9,550	16,720
	—	295,491	585,807
Retained Earnings, End of Period	—	16,086,717	18,190,208

Consolidated Statements of Cash Flows

Years ended May 20 ; Thousands of yen	2002	2003	2004
Net Cash Used in Operating Activities			
Net Income Before Taxes and Other Adjustments	1,308,021	3,635,057	4,641,294
Depreciation	750,858	635,782	637,629
Increase in Retirement Benefits	187,309	23,598	60,838
Increase in Reserve for Directors' Retirement Allowances	22,700	28,800	17,800
Increase or Decrease in Reserve for Bonuses	2,631	(5,570)	533
Increase or Decrease in Allowance for Doubtful Accounts	126,269	(28,627)	(43,533)
Interest and Dividend Income	(128,124)	(90,513)	(79,681)
Foreign Exchange Gains or Losses	(32,279)	34,660	21,444
Loss on Sales of Marketable Securities	121	—	—
Securities Repayment Net Profit	(4,018)	(860)	(1,673)
Loss on Valuation of Investment Securities	221,679	60,058	—
Loss on Valuation of Investment in Subsidiaries	—	16,632	—
Gain on Sales of Tangible Fixed Assets	(6,989)	(130)	(89)
Loss on Sales of Tangible Fixed Assets	115	171	57
Loss on Disposal of Tangible Fixed Assets	17,043	25,112	57,258
Increase or Decrease in Notes and Accounts Receivable	1,154,829	(1,264,533)	(1,493,239)
Increase or Decrease in Inventories	846,447	6,508	(158,234)
Increase or Decrease in Accounts Payable	(866,580)	(425,080)	92,368
Directors' Bonuses	(18,100)	(9,550)	(16,720)
Others	(38,939)	108,682	21,398
Subtotal	3,542,995	2,750,200	3,757,451
Interest and Dividend Income	141,281	98,395	85,599
Income and Other Taxes	(1,569,468)	(740,897)	(2,077,008)
Net Cash Used in Operating Activities	2,114,809	2,107,698	1,766,043
Net Cash Used in Investment Activities			
Payments for Deposited in Time Deposit	—	(300,000)	—
Proceeds for Redemption of Marketable Securities	200,000	—	—
Payments for Investment in Securities	(1,897,514)	(601,891)	(909,269)
Proceeds for Redemption of Investment in Securities	2,250,000	700,000	700,000
Proceeds from Sales of Investment in Securities	—	45	—
Payments for Acquisition of Tangible Fixed Assets	(1,007,905)	(366,097)	(788,822)
Proceeds from Sales of Tangible Fixed Assets	54	1,334	797
Payments for Investment in Subsidiaries	(31,620)	(24,202)	—
Others	209	(4,939)	(9,085)
Net Cash Used in Investment Activities	(486,776)	(595,751)	(1,006,380)
Net Cash Used by Financing Activities			
Payments for Treasury Stock	—	(232,920)	(887)
Increase or Decrease in Treasury Stock	(262)	—	—
Dividends	(407,534)	(286,031)	(569,221)
Dividends to the Minority	(162)	—	—
Net Cash Used by Financing Activities	(407,959)	(518,952)	(570,109)
Exchange Differences of Cash and Cash Equivalents	19,768	(16,023)	(64,101)
Increase or Decrease in Cash and Cash Equivalents	1,239,841	976,972	125,451
Cash and Cash Equivalents at Beginning of Period	3,790,009	5,029,850	6,006,823
Cash and Cash Equivalents at End of Period	5,029,850	6,006,823	6,132,275

Relationship Between Balance of Cash and Cash Equivalents as of Term End and Balance Sheet Items

Years ended May 20 ; Thousands of yen	2002	2003	2004
Cash on Hand and in Banks	859,502	1,815,550	2,339,371
Time Deposit to Exceed Three Months	—	(300,000)	(300,000)
Marketable Securities			
Money Management Fund & Free Financial Fund	4,170,348	4,491,272	4,092,903
Cash and Cash Equivalents	5,029,850	6,006,823	6,132,275

Corporate Profile (As of May 20,2004)

Company Name : COSEL CO.,LTD.
Head Office : 1-6-43,Kamiakae-machi,Toyama-shi 930-0816,Japan
Phone : 076-432-8151
Branch : Tokyo, Kanagawa, Tama, Saitama,
Osaka, Kyoto, Nagoya
and 10 sales office other than above
Established : July 26,1969
Paid Capital : 2,055 Million Yen

The COSEL Group (Consolidated Companies)

TRANSERVE CO.,LTD.
TAIYO DENSHI KOUGYOU CO.,LTD.
ELCO TAKAOKA CO.,LTD.
COSEL U.S.A.INC.
COSEL EUROPE GmbH
COSEL ASIA LTD.

History

1967	Feb.	Established as Kimura Electronics Sales Inc. (Private)
1969	Jul.	Established ELCO CO.,LTD. by dissolution of Kimura Electronics Sales Inc.
1973	Jul.	Head office and factory completed at 1-6-43, Kamiakae-machi, Toyama-shi 930-0816, Japan
1979	Jan.	Introduced QC circle activities
1980	Apr.	Established TRANSERVE CO.,LTD.
	Sep.	TAIYO DENSHI KOUGYOU CO.,LTD. was made a Subsidiary company
1982	May	Introduced TQC (Now changed to TQM)
1983	Apr.	Pointed as rationalized minor enterprises the model factory in Toyama
	Jun.	Introduced policy management (Long term policy, Fixing annual policy)
1984	Mar.	Received commendation as the excellent minor enterprise from the government
1986	Apr.	Received minor enterprises study center prize
1988	Mar.	Toyota Production System Introduce
1989	Mar.	Tateyama Factory completed
1990	Apr.	Established COSEL U.S.A. INC. (Former U.S.ELCO INC.)
1991	May	Established ELCO TAKAOKA CO.,LTD.
1992	Apr.	Changed company name to COSEL CO.,LTD. from ELCO CO.,LTD. at the same time, V.I (Visual Integration) was introduced
1993	Jun.	Acquired ISO9001
1994	Feb.	Set a representative in Europe
	Dec.	Company stock opened to the public at counter of Japan securities company association. Capital increased to 2,055 million Yen
1995	May	Set a representative in HongKong
1996	Apr.	Introduced TPM (Total Plant Maintenance)
1997	Jul.	Established COSEL EUROPE GmbH
1998	May	Established COSEL ASIA LTD.
1999	Dec.	Acquired ISO14001
2000	May	Shares listed on the First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange

COSEL CO.,LTD.

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