

11. Non-Consolidated Financial Statements

(1) Balance Sheet

(In thousands of yen)

	Current Term (Ending 12/31/2001)		Previous Term (Ending 12/31/2000)	
	Sum	Ratio	Sum	Ratio
(Assets)		%		%
Current Assets				
Cash and deposits	971,933		753,017	
Notes receivable, trade	21,929		7,622	
Accounts receivable, trade	673,697		669,873	
Marketable securities	-		11,390	
Inventory Assets	212,737		180,994	
Prepaid Expenses	92,687		82,457	
Deferred Tax Assets	19,391		-	
Exchange Contract	416,039		-	
Option Assets	224,105		-	
Short Term Loan	-		147	
Others	17,907		1,375	
Allowance for doubtful accounts	- 1,751		- 4,366	
Total current assets	2,648,678	73.7	1,702,512	80.3
Fixed Assets				
Tangible fixed assets				
Buildings	58,972		1,136	
Automotive equipment	15,512		7,772	
Tools, parts, equipment	38,875		18,203	
Total tangible fixed assets	113,360	3.2	27,112	1.3
Intangible fixed assets				
Software	7,284		5,747	
Telephone subscription fee	1,641		1,641	
Total intangible fixed assets	8,926	0.2	7,388	0.3
Investments and other assets				
Investments in securities	485,540		-	
Investments in affiliates	101,284		98,324	
Investments in capital	100,000		100,000	
Claims in bankruptcy/ reorganization and other claimable assets	3,440		3,440	
Long-term prepaid expenses	59,396		133,307	
Deferred tax assets	15,635		-	
Lease deposits	15,123		11,602	
Insurance reserve fund	46,403		41,015	
Allowance for doubtful accounts	- 3,440		-3,440	
Investments and other assets	823,384	22.9	384,250	18.1
Total fixed assets	945,670	26.3	418,751	19.7
Total assets	3,594,348	100.0	2,121,264	100.0

(In thousands of yen)

	Current Term (Ended 12/30/2001)		Previous Term (Ended 12/31/ 2000)	
	Sum	Ratio	Sum	Ratio
(Liabilities)		%		%
Current Liabilities				
Accounts payable, trade	203,401		315,967	
Accounts payable, other	120,076		84,721	
Accrued Charge	31,825		31,510	
Income taxes payable	176,333		130,396	
Consumption taxes payable	-		4,945	
Deferred tax liabilities	-		2,922	
Deposits received	3,136		4,712	
Accrued bonuses	5,823		6,117	
Deferred hedging income	416,039		-	
Others	1		1	
Total current liabilities	956,637	26.6	581,294	27.4
Fixed liabilities				
Deferred tax liabilities	-		14,952	
Retirement allowances for directors	103,968		78,325	
Total fixed liabilities	103,968	2.9	93,277	4.4
Total liabilities	1,060,606	29.5	674,571	31.8
Capital amount	914,260	25.5	588,710	27.7
Additional paid-in capital	1,103,920	30.7	548,700	25.9
Legal reserves	5,047	0.2	2,000	0.1
Other retained earnings				
Import development reserves	46,880		83,200	
Special depreciation reserves	7,793		4,225	
Unappropriated retained earnings	452,001		219,856	
Sum of other retained earnings	506,675	14.1	307,282	14.5
Other profit and loss from securities revaluation	3,839		-	
Total shareholders' equity	2,533,742	70.5	1,446,693	68.2
Total liabilities and shareholders' equity	3,594,348	100.0	2,121,264	100.0

(2) Income Statements

(in thousands of yen)

	Current Term Starting: January 1, 2001 Ending: December 31, 2001			Previous Term Starting: January 1, 2000 Ending: December 31, 2000		
	Sum		Ratio	Sum		Ratio
			%			%
Net sales		4,937,487	100.0		3,721,079	100.0
Cost of sales		3,556,093	72.0		2,590,595	69.6
Gross profits		1,381,394	28.0		1,130,484	30.4
Selling, general and administrative expenses						
Officers' remuneration	81,701			90,486		
Employees' Salaries and Bonuses	334,850			241,868		
Advertisement expenses	129,814			95,174		
Transportation expenses	53,971			39,705		
Provision for doubtful account	-			559		
Provision for bonus payable	5,823			6,117		
Provision for retirement benefits for officers	25,643			15,341		
Bad debts loss	-			3,492		
Fitting account	59,790			26,322		
Rent account	52,187			36,048		
Insurance premiums paid	83,463			30,690		
Allowance for depreciation	25,003			11,515		
Others	317,312	1,169,562	23.7	205,123	802,446	21.6
Operating income		211,831	4.3		328,037	8.8
Non-operating income						
Interest and dividends Received	15,527			925		
Gain on sales of marketable securities	-			19,158		
Net option value	224,105			-		
Miscellaneous income	34,287	273,920	5.6	12,280	32,364	0.9
Non-operating expenses						
Interests paid	-			1,071		
Share issuing expenses	15,991			4,230		
Exchange losses	-			17,480		
Miscellaneous losses	2,746	18,738	0.4	1,771	24,554	0.7
Ordinary Income		467,014	9.5		335,847	9.0
Extraordinary gains						
Transfer from reserve for possible loan losses	2,614	2,614	0.0	-	-	
Extraordinary losses						
Loss on sale of fixed assets	498			-		
Loss on sale of investment securities	2,264			-		
Head office relocation expenses	22,970			-		
Prior year provision for retirement benefits for directors	-			62,983		
Loss from disposition of subsidiaries	-	25,733	0.5	8,527	71,510	1.9
Income before income taxes		443,895	9.0		264,336	7.1
Income and enterprise taxes	266,657			196,102		
Adjustments to income taxes	- 55,681	210,976	4.3	- 64,211	131,891	3.5
Net income		232,918	4.7		132,444	3.6
Surplus brought forward from the previous term		219,082			87,411	
Unappropriated profits		452,001			219,856	

(3) Accounting Policies Adopted for Preparing the Financial Statements

1. Standards and methods for evaluating assets
 - 1) Inventory Assets
Cost accounting method based on the moving average method was used.
 - 2) Marketable Securities
 - Stocks of affiliates and subsidiaries
The cost accounting method based on the moving average method was used.
 - Other Marketable Securities
 - Current quotes available
Valued at their market prices as of the balance sheet date. (All differences in valuations were presented as a component of shareholders' equity, and cost of securities sold was computed using the moving average method.)
 - Current quotes unavailable
Valued at cost using the moving average method.
2. Depreciation methods for fixed assets
 - 1) Tangible fixed assets
Buildings (excluding equipment therein) are depreciated by the straight-line method, while other assets are depreciated using the declining-balance method.
 - 2) Intangible fixed assets
Software for in-house use is amortized using the straight-line method over estimated useful life.
3. Deferred Assets
 - 1) Share-issuing expenses
The cost is fully accounted each time it arises
4. Accounting Standards for Major Reserve
 - 1) Reserve for bad debts
The company states an amount that is estimated will prove impossible to recover. For general loans, this is based on a loan loss ratio, and in the case of such legally defined loans as loans feared to be irrecoverable, this is based on an estimation of the likelihood of recovery of individual loans.
 - 2) Reserve for bonus payment
To provide bonuses of employees, an amount is determined based on the amount that is regarded as likely to be incurred.
 - 3) Reserve for retirement allowances for directors
To provide for the retirement allowances of directors, an amount is stated based on the end-of-term payment requirements calculated according to company rules concerning retirement allowances for directors.
5. Method of Important Hedge Accounting
 - 1) Method of hedge accounting
Deferred hedge accounting is used. As for liabilities in foreign currency to which exchange contracts are attached, those that fulfill conditions for appropriation are appropriated.
 - 2) Hedge means and hedge targets

- Hedge means: Derivative transaction (Forward Exchange Contracts)
- Hedge targets: Stock liabilities in foreign currency and others
- 3) Hedge policy
It has been performed to countervail the possibility of losses including stock liabilities incurred by fluctuations in exchange.
- 4) Method of evaluating the effectiveness of hedge
The effectiveness of hedge has been evaluated by assessing whether or not exchange risks of hedge targets including stock liabilities in foreign currency are diminishing.
- 6. Other basic items for preparing financial statements
 - 1) Accounting treatment of consumption tax
The tax exclusion method has been adopted for accounting for consumption tax and local consumption tax.
 - 2) Accounting treatment of leveraged leases
With respect to leveraged leases involved in the company's investments, the amount of investments made is added to assets.

(Notes)

1 . Accounting for Financial Instruments

Since the current term, the standards for accounting related to financial instruments ("Opinions on the establishment of accounting standards related to financial instruments" (Corporate Accounting Evaluation Committee, January 22, 1999)) have been applied. Consequently, compared to the accounting based on the previous standards, ordinary profit and net income before taxes are greater by 224,727 thousand yen .

Further, the purpose of holding stocks and bonds among those held at the beginning of the term is investigated, and those that have the same characteristics as deposit are treated as stocks and bonds belonging to liquid assets, while the remaining financial instruments (stocks and bonds) are treated as investment securities in fixed assets. For this reason, an amount equivalent to 11,390 thousand yen has been transferred from the marketable securities in liquid assets to investment securities in fixed assets. as of the beginning of the term.

2 . Standards for accounting foreign currency transactions and others

Since the current term, the revised standards for accounting foreign currency transactions ("Opinions on the revision of accounting standards of foreign currency transactions" (Corporate accounting evaluation committee, October 22, 1999)) have been applied. This change has had no effect on profit and loss.

(4) Remarks on the financial statements

1 . Issues relating to balance sheet

(1) Cumulative depreciation of tangible fixed assets

Current Term: 46,477 thousand yen Previous Term: 31,269 thousand yen

(2) Assets and liabilities with regards to companies that have business with Planex

Accounts payable : 195,715 thousand yen

(3) Authorized shares and total number of stock issued

- Authorized shares : 51,040 shares

- Total number of stock issued : 14,460 shares

(4) Accounting treatment of bills maturing on the balance sheet date

Bills maturing on the balance sheet date are settled on the check clearing date. Note also that bills maturing on the next balance sheet date are included in the balance at the end of term since the last day of the current term coincided with a holiday for financial institutions.

- Bills receivable: 20,150 thousand yen

(5) Increase in the net worth equity of the company as defined in No. 6, Section 1 of Article 290 of the Commercial Code is 133,820 yen. The company is restricted from appropriating this sum for dividend.

2 . Issues related to profit and loss statement

(1) Business transactions with other companies

Amount of purchases from these companies: 3,535,793 thousand yen

(2) Total expenditure of research and development

R&D expenses included in administrative expenses: 75,162 thousand yen

(Accounting for income taxes)

<Current term>

1. Factors responsible for deferred income tax asset and deferred income tax liabilities

Deferred income tax asset

Provision for officers' retirement allowance : 43,666 thousand yen

Taxable depreciation of software : 21,607 thousand yen

Loss from evaluating remaining inventories : 13,440 thousand yen

Accrued enterprise taxes : 14,970 thousand yen

Others : 404 thousand yen

Total deferred income tax asset : 94,088 thousand yen

Deferred income tax liabilities

Import development reserves : - 9,019 thousand yen

Leveraged leases : -42,000 thousand yen

Special depreciation reserves : - 5,262 thousand yen

Others : - 2,780 thousand yen

Total deferred income tax liabilities : -59,061 thousand yen

Net deferred income tax asset : 35,026 thousand yen

2. Factors responsible for the discrepancy between the statutory effective tax rate and corporate tax rate after tax effect accounting

Statutory effective tax rate (adjusted)	: 42.00%
Social and other expenses not to be included in losses	: 0.55%
Tax on undistributed profits	: 4.46%
Others	: <u>0.57%</u>
Corporate tax rate after tax effect accounting	: <u>47.58%</u>

<Previous term>

1. Factors responsible for deferred income tax asset and deferred income tax liabilities

Deferred income tax asset	
Loss from evaluating remaining inventories	: 4,337 thousand yen
Taxable depreciation of leased inventories	: 2,561 thousand yen
Accrued enterprise tax	: 15,960 thousand yen
Taxable depreciation of software	: 7,160 thousand yen
Allowance for doubtful accounts	: 722 thousand yen
Provision for officers' retirement allowance	: 32,896 thousand yen
Others	: <u>75 thousand yen</u>
Total deferred income tax asset	: <u>63,713 thousand yen</u>
Deferred income tax liabilities	
Import development reserves	: - 33,948 thousand yen
Leveraged leases	: -42,000 thousand yen
Special depreciation reserves	: <u>- 5,639 thousand yen</u>
Total deferred income tax liabilities	: <u>-81,587 thousand yen</u>
Net deferred income tax asset	: <u>-17,874 thousand yen</u>

2. Factors responsible for the discrepancy between the statutory effective tax rate and corporate tax rate after tax effect accounting (when such differences were found)

Statutory effective tax rate (adjusted)	: 42.00%
Social and other expenses not to be included in losses	: 1.29%
Tax on undistributed profits	: 4.17%
Inhabitant tax on per capita basis	: 0.51%
Enterprise tax and others for past years	: <u>1.93%</u>
Corporate tax rate after tax effect accounting	: <u>49.90%</u>

12. Assignment of Directors

(1) New director candidates

Director	Nobuyuki Denda (currently an advisor at Intel Corporation)
Director	Masahiro Morimoto (currently an advisor at Symantec Corporation)
Director	Paul Chang (currently a director at Pacific Mandarin)
Director	Ikumune Takahashi (currently an advisor at Toshiba Information Systems Technology Co. Ltd)