

## Summary of Financial Report 2004

Fiscal Year Ended	March 31, 2004
Traded	JASDAQ
Stock Code	6930

**Nippon Antenna**  
(6930, JASDAQ)

Summary of Financial Report 2004  
(for the Year ended March 2004)

## Table of Contents

<b>Company Profile</b> .....	3
Financial Highlights .....	3
Description of Business .....	4
Group Companies .....	5
Largest Shareholders .....	5
Directors and Statutory Auditors .....	5
<b>Business Overview</b> .....	6
Results of Operations .....	6
Cash Flows .....	7
Issues Facing the Company .....	8
Risk Factors .....	9
Research and Development .....	10
Production, Orders and Sales .....	11
<b>Financial Statements</b> .....	12
Consolidated Balance Sheets .....	12
Consolidated Statement of Income .....	14
Consolidated Statement of Retained Earnings .....	15
Consolidated Statements of Cash Flows .....	16
Segment Information .....	17

## Company Profile

### Financial Highlights

Years ended March 31; Thousands of yen	2000	2001	2002	2003	2004
<b>Consolidated</b>					
Net sales	27,003,282	31,431,934	30,906,091	27,678,297	27,404,050
Ordinary profit	2,467,617	3,254,509	2,583,500	1,327,749	1,463,586
Net income	1,256,674	1,679,762	1,034,678	597,372	774,794
Shareholders' equity	18,650,495	19,627,973	20,319,459	20,015,837	20,236,542
Total assets	26,846,966	30,567,962	28,564,422	27,617,602	28,492,694
Shareholders' equity per share (Yen)	1,304.39	1,372.65	1,421.26	1,443.87	1,479.73
Net income per share (Yen)	87.90	117.48	72.36	39.70	54.16
Net income per share, fully diluted (Yen)	-	-	-	-	-
Shareholders' equity ratio	69.46	64.21	71.13	72.47	71.02
Return on equity	6.95	8.77	5.18	2.96	3.85
Price earnings ratio	14.33	13.79	12.29	21.41	17.73
Net cash from operating activities	2,190,298	1,780,874	838,657	2,460,180	1,631,643
Net cash from investment activities	(510,073)	(968,200)	(1,088,914)	(861,413)	(1,303,872)
Net cash from financing activities	(319,267)	(326,895)	(860,608)	(689,081)	(479,211)
Cash and cash equivalents at end of period	6,731,972	7,216,729	6,131,325	7,016,002	6,826,835
Employees	1,168	1,121	1,170	1,147	1,153

## Description of Business

The corporate group, which is composed of the Company (Nippon Antenna Co., Ltd.) and eight subsidiaries, is engaged in the manufacture and sale of antennas for telecommunications, automobiles, and television, and of electronic equipment for television transmission. It is also involved in the construction for installation of telecommunication systems and related businesses.

The following outlines the activities of the corporate group and the involvement of each group company in these activities. The information is provided according to business segment.

### Manufacturing

This division is engaged in the manufacture and sale of: satellite antennas, mobile phone antennas, and car antennas; telecommunications-related equipment and antennas; and TV receiving antennas and TV reception/transmission-related equipment and accessories.

The Company, Ishinomaki Atex Co, Ltd., Nippon Antenna Philippines, Inc., and Nippon Antenna (Shanghai) Co, Ltd., have manufacturing operations.

The Company, Nippon Antenna (Europe) GmbH, Nippon Antenna (America), Inc. and Nippon Antenna (Philippines), Inc. are engaged in selling the products manufactured by the group.

### Construction

This division is involved in the construction including design and installation of CATV systems, CATV Internet systems, BS/CS receiving systems, and systems for the prevention of TV electromagnetic interference.

The Company and Nichian CATV Co., Ltd. provide construction-related services.

### Other

NAC Development Corporation owns the land under the Company's factory in the Philippines { which is operated by Nippon Antenna (Philippines), Inc. }.

### Major product in each business segment

Business segments	Sales segments	Major products
Manufacturing business	Antenna	Satellite antennas, mobile phone antennas, car antennas and related equipment, communications antennas and related equipment, TV antennas
	TV reception/transmission related electronic equipment	BS receiving equipment, cable TV transmission equipment, TV receiving related products (amplifiers, splitter, etc.)
Construction business	Electric & communications works	Cable TV related construction, cable Internet-related construction, satellite receiving-related construction, TV electromagnetic interference prevention construction

**Group Companies**

	<b>Common stock</b>	<b>Percent ownership</b>
Consolidated subsidiaries		
NIPPON ANTENNA (EUROPE) GmbH	EUR287,850	100.0
NICHIAN CATV CO, Ltd.	¥50,000,000	100.0
ISHINOMAKI ATEX CO, Ltd.	¥92,500,000	100.0
NIPPON ANTENNA (PHILIPPINES), INC.	PHP250,000,000	100.0
NIPPON ANTENNA (AMERICA), INC.	US\$1,000,000	100.0
NIPPON ANTENNA (Shanghai) CO, Ltd.	CNY39,604,891	100.0

**Largest Shareholders**

<b>Name of shareholders</b>	<b>Thousands of shares owned</b>	<b>Percent of shares outstanding</b>
Sayo Takizawa	2,773	19.40
Ichiro Takizawa	753	5.27
Resona Bank, Ltd.	674	4.72
Yutaka Takizawa	564	3.95
Mizuho Bank, Ltd.	499	3.49
Souzaburo Yokoyama	365	2.55
Clarion Co., Ltd.	365	2.55
Nippon Antenna Employees' Shareholding Association	341	2.38
The Master Trust Bank of Japan, Ltd.	317	2.22
Showa Jisho Co., Ltd	309	2.16
	6,963	48.69

**Directors and Statutory Auditors**

Ichiro Takizawa	President and Representative Director
Yutaka Takizawa	Managing Director
Nobuyoshi Eguchi	Managing Director
Masaru Hayashi	Director
Kenji Masuda	Director
Kenji Yamaoka	Director
Takatsugu Ito	Director
Tetsumi Izawa	Director
Kishio Nakata	Director
Kenji Tanaka	Director
Choji Otsuki	Standing Statutory Auditor
Yasuo Akiyama	Statutory Auditor
Minoru Hino	Statutory Auditor

## Business Overview

### Results of Operations

The Japanese economy showed encouraging signs during the fiscal year to March 31, 2004, with a recovery in corporate earnings leading to growth in capital investment and exports. However, this did not lead to an improved employment situation or an increase in individual income, and in general the economy showed a gradual recovery.

Although our industry experienced growth in operations related to antenna replacements associated with the commencement of digital terrestrial broadcasting, demand related to cable television was weak, there was a decline in large-scale construction and prices were generally lower, resulting in a difficult operating environment.

Given this economic environment, Nippon Antenna and its consolidated subsidiaries emphasized operations related to digital terrestrial broadcasting, while at the same time enhancing our marketing, manufacturing and R&D capabilities through the opening of a new branch office by our consolidated sales subsidiary in the U.S. (Detroit), the commencement of operations at the factory in Shanghai, China, and the start of construction on a R&D facility in Europe (Germany).

As a result of these efforts, the Company recorded consolidated sales of ¥27,404 million for the fiscal year to March 31, 2004 (1.0% decline from the previous year), with an ordinary profit of ¥1,463 million (10.2% increase) and net income of ¥774 million (29.7% increase).

Results by business segment:

#### Manufacturing

The division saw growth in the area of TV receiving antennas related to compatibility for digital terrestrial broadcasting. In the automobile antenna segment, ETC antennas and antennas for receiving satellite radio in the U.S. were solid, but lower prices led to a sales decline in Europe, and revenue for the segment was down for the year. Revenue from communications-use antennas also declined on weak sales of antennas for cellular phones.

In the area of TV reception/transmission-related electronic equipment, although sales to large home electronics and home improvement retailers and digital terrestrial broadcasting related business grew, growth in sales of cable television-related electronic equipment was limited because of restrained capital investment by cable television operators, and generally lower prices resulted in a revenue decline.

In total, the division's sales declined by 4.1% to ¥19,109 million and operating income was 5.2% lower at ¥1,962 million.

#### Construction

Sales at the division grew on an increase in construction related to digital terrestrial broadcasting, despite a decline in large-scale construction projects.

As a result, the division recorded a 40.6% increase in operating income to ¥782 million, on a 7.1% increase in sales to ¥8,294 million.

Results by geographical segment:

#### Japan

Although sales related to digital terrestrial broadcasting grew, restrained capital investment by cable television operators limited growth in related electronic equipment, large-scale redevelopment construction declined and prices were generally lower on intensified competition. Consequently, domestic sales declined by 0.8% to ¥23,499 million but operating income rose 4.7% to ¥2,497 million.

#### Europe

Affected by lower prices, sales in Europe declined by 19.6% to ¥2,282 million and the business recorded an operating loss of ¥165 million from a year-earlier ¥20 million gain.

#### North America

Sales in North America were strong, growing by 36.1% to ¥1,472 million on the launch of XM antennas for satellite radio, but operating income declined by 73.0% to ¥15 million as expenses grew because of personnel increases and the opening of a sales office in Detroit.

#### Asia

Our presence in Asia is currently limited to production facilities. Although there are some minor local sales, most products are sold internally with the sales being eliminated in the course of consolidation. Asia sales grew by 126.9% to ¥148 million, and operating income grew by 143.7% to ¥491 million.

### **Cash Flows**

The Company had cash and cash equivalents (“cash”) in the amount of ¥6,826 million as of the fiscal year end (March 31, 2004), a decline of ¥189 million from the previous fiscal year end.

#### Cash flow from operating activities

Cash resulting from operating activities grew by ¥1,631 million, the primary items of which were increases from ¥1,422 million in pretax net income and ¥803 million in depreciation expenses, and on the outflow side, a ¥1,015 million increase in trade receivables.

#### Cash flow from investing activities

Investing activities used net cash in the amount of ¥1,303 million. Primary expenditures included a ¥416 million investment for construction of a factory in Shanghai (Nippon Antenna (Shanghai) Co., Ltd.), ¥218 million in construction expenses for the R&D facility in Europe, and the acquisition of machinery, measuring equipment, etc. in order to strengthen our R&D and manufacturing capabilities.

#### Cash flow from financing activities

Net cash used in financing activities totaled ¥479 million, including ¥188 million for the acquisition of treasury stock and ¥291 million paid as dividends.

#### Issues Facing the Company

The Company's core business divisions are Antennas, TV Reception/Transmission-related Electronic Equipment, and Telecommunications Constructions. We aim to grow our business through customer satisfaction and the trust of customer by providing products and services that appropriately address changes in the market, including technological innovation in the telecommunications sector with the implementation of optical and digital technologies, demand associated with new systems like ITS and telematics, the fusion of broadcasting and telecommunications, and the rapid spread of computer networks with the Internet at the core.

The following represent the Company's goals for the medium term:

- (1) Establishing and promoting R&D capabilities with the aim of producing products that are one step ahead of those of other companies,
- (2) Reinforcing our domestic and overseas sales capabilities,
- (3) Raising the level of customer satisfaction through increased competitiveness in terms of quality, cost and service,
- (4) Emphasizing human resource development and performance-based personnel evaluations in order to fully utilize the abilities of each employee, and
- (5) Improving efficiency in operations by strengthening information systems and establishing a system of internal controls.

Despite the encouraging signs of an improvement in consumer sentiment against the background of a robust U.S. economy, a recovery in domestic corporate earnings, increased capital investment and a recovery in stock market, a strong sense of uncertainty regarding the future remains, with problems including an adverse employment situation, a trend of higher prices for raw materials, and instability in the Middle East. Therefore, a strong economic recovery cannot be expected.

Although our business segment can expect benefits from the Athens Olympics and operations related to digital terrestrial broadcasting, we believe the operating environment will remain difficult because of limited growth related to cable television, a decline in large-scale construction projects, and generally lower prices resulting from intensified competition between companies.

Against this background, Nippon Antenna intends to work aggressively to create an operating ground for further development, while at the same time emphasizing businesses related to digital

terrestrial broadcasting which is approaching its peak period. The Company will strengthen its marketing, manufacturing and R&D capabilities by reviewing and enhancing our domestic and overseas marketing structure, constructing a second-stage facility at the Shanghai factory, and completing construction of the R&D facility in Europe. In addition, as legal and regulatory compliance receives a higher degree of attention, we will strive to thoroughly instill our corporate philosophy across the company, and further strengthen risk management.

## **Risk Factors**

The primary risks that could emerge in the course of the Company's business are as follows. Nippon Antenna recognizes that these risks exist and strives to avoid their occurrence, and to respond accordingly if they do occur. The following includes possible future developments, and represents the risks seen as existing as of the fiscal year end. However, potential risks in the courses of the Company's business are not limited to the following.

(1) Changes in market environment

The Company and its subsidiaries operate on a global scale in Japan, Europe, North America and Asia. The Company's result can therefore be affected by economic trends in Japan or in the countries in which we operate, as well as by changes in political or social circumstances.

(2) Changes in product prices

Competition is intensifying in the markets in which we operate, and there is a trend of declining prices. Although the Nippon Antenna group strives to maintain profit margins by introducing new products, reducing costs, etc., results could be affected by further increased or prolonged competition.

(3) Foreign exchange fluctuations

The Nippon Antenna group operates globally, and results can therefore be affected by fluctuations in exchange rates.

(4) Product defects

The Nippon Antenna group manufactures its products in Japan and overseas in accordance with internationally recognized quality maintenance standards. However, there is no guarantee that all products will be free of defects, or that recalls will not arise in the future. There is therefore a possibility of the Company's results or financial position being adversely affected in the case of a product defect leading to a major recall or product liability compensation.

(5) Risk regarding protection of intellectual property rights

In cases in which the Company is not able to adequately protect its intellectual property rights, there is a risk that a third party could use the Company's technology, etc., and in that case the group's competitiveness could be weakened.

## Research and Development

The information and telecommunications industry is experiencing changes on an unprecedented scale. Significant technological innovations, particularly digitization, optical communications and satellite communications, have led to a rapid penetration of broadband networking and the integration of broadcasting and telecommunications. Nippon Antenna is promoting R&D activities throughout the group in an effort to respond quickly and properly to market trends and changes in the information and telecommunications system industry, and to develop proprietary, high value-added products.

The Company has been working on basic research and the commercialization of many products in the areas of antennas and transmission systems/equipment in view of global market trends, and new products are successively being launched. During the year under review, Nippon Antenna developed the industry's first flat antenna for digital terrestrial broadcasting. Other products include ITS-related systems like automobile ETC and DSRC, satellite radio antenna systems, compound antennas for telematics, 16QAM digital converters for cable television, signal processors for digital terrestrial retransmission, various optical transmission equipment for Fiber-To-The-Home, invisible antenna systems that use glass, film, etc., sophisticated dual/triple antennas to respond to increasing diversification in telecommunications equipment, small digital terrestrial antennas (for mobile phones and PDAs), wideband base station antenna systems for digital public telecommunications, wireless LAN transmission system equipment, nondirectional horizontal polarized wave antennas, digital terrestrial broadcast receivers, and filters for analog to analog conversion.

At the same time, we will make capital expenditures in areas like new measuring equipment, with an eye toward future technological innovations like the significant use of optical and microwave transmission as signals increasingly become digital and higher speed. We will continue to improve and develop equipment related to information and telecommunications including cable television, optical multiplex transmission, wireless LAN broadband equipment, car information systems, screen antenna systems, BS/CS digital broadcasting, digital terrestrial broadcasting, mobile telecommunications, cellular phones and video digital transmission equipment.

We are constructing an R&D facility and automobile measuring site in Europe this year, training technicians in China, reinforcing overseas bases and making our workforce more international, in order to create a structure from which to respond locally to global demand.

Current R&D activities are primarily conducted by the technology unit (which includes the Technical Center) within the Manufacturing division. As of March 31, 2004, 133 employees were engaged in these activities, including the improvement of existing products, with related spending for the fiscal year totaling ¥1,371 million.

The Construction division incurs no R&D related expenses as its operations involve the launching of products developed and commercialized by the Manufacturing division.

## Production, Orders and Sales

### 1. Production

Production (consolidated basis) at each business segment for the year ended March 31, 2004:

Thousands of yen	Value	YOY (%)
Manufacturing	17,419,598	94.5
Construction	8,294,303	107.1
Total	25,713,901	98.2

- (Notes) 1. Amounts are calculated based on net sales prices.  
2. Amounts are stated exclusive of consumption tax.

### 2. Orders

Orders (consolidated basis) at each business segment for the year ended March 31, 2004:

Thousands of yen	Value of orders	YOY (%)	Orders outstanding	YOY (%)
Manufacturing	11,966,567	96.7	794,634	89.3
Construction	7,853,955	117.2	2,040,122	87.0
Total	19,820,522	103.9	2,834,756	87.6

(Note) Amounts are stated exclusive of consumption tax.

### 3. Sales

Sales (consolidated basis) at each business segment for the year ended March 31, 2004:

Thousands of yen	Amounts	YOY (%)
Manufacturing	19,109,746	95.9
Construction	8,294,303	107.1
Total	27,404,050	99.0

(Note) Amounts are stated exclusive of consumption tax.

## Financial Statements

### Consolidated Balance Sheets

Years ended March 31; Thousands of yen	2003	2004
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	7,017,288	6,839,724
Trade notes & accounts receivable	7,880,079	8,575,237
Inventories	5,051,209	4,867,599
Deferred tax assets	264,571	341,833
Other	1,390,944	1,284,508
Allowance for doubtful accounts	(19,009)	(27,751)
Total current assets	21,585,083	21,881,153
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures	2,184,208	2,238,973
Machinery, equipment and vehicles	915,271	928,691
Land	869,866	951,926
Construction in progress	-	127,955
Other tangible fixed assets	803,154	880,644
Total tangible fixed assets	4,772,501	5,128,191
<b>Intangible fixed assets</b>		
Software	110,559	92,260
Other intangible fixed assets	24,753	24,473
Total intangible fixed assets	135,312	116,733
<b>Investments and other assets</b>		
Investment securities	477,711	815,190
Deferred tax assets	354,391	256,320
Other	390,525	308,147
Allowance for doubtful accounts	(97,924)	(13,042)
Total investments and other assets	1,124,704	1,366,615
Total fixed assets	6,032,518	6,611,540
Total assets	27,617,602	28,492,694

Nippon Antenna

Years ended March 31; Thousands of yen	2003	2004
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Trade notes and accounts payable	4,160,915	4,637,477
Accounts payable-construction	817,437	928,527
Accrued income taxes	275,018	446,977
Accrued expenses	117,083	190,547
Reserve for bonuses	525,380	540,783
Other	955,238	614,682
<b>Total current liabilities</b>	<b>6,851,073</b>	<b>7,358,994</b>
<b>Long-term liabilities</b>		
Allowance for employees' retirement benefits	472,575	601,831
Allowance for directors' retirement benefits	270,280	287,490
Other	7,836	7,836
<b>Total long-term liabilities</b>	<b>750,691</b>	<b>897,157</b>
<b>Total liabilities</b>	<b>7,601,764</b>	<b>8,256,151</b>
<b>Shareholders' equity</b>		
<b>Common stock</b>		
Common stock	4,673,616	4,673,616
<b>Additional paid-in capital</b>		
Additional paid-in capital	6,318,554	6,318,554
<b>Retained earnings</b>		
Retained earnings	9,674,425	10,125,706
<b>Unrealized gain on other securities</b>		
Unrealized gain on other securities	16,951	228,624
<b>Foreign currency translation adjustments</b>		
Foreign currency translation adjustments	(303,914)	(558,065)
<b>Treasury stock</b>		
Treasury stock	(363,794)	(551,892)
<b>Total shareholders' equity</b>	<b>20,015,837</b>	<b>20,236,542</b>
<b>Total liabilities and shareholders' equity</b>	<b>27,617,602</b>	<b>28,492,694</b>

**Consolidated Statement of Income**

<b>Years ended March 31; Thousands of yen</b>	<b>2003</b>	<b>2004</b>
<b>Sales</b>		
Sales of goods	19,931,479	19,109,746
Sales on construction	7,746,818	8,294,303
	<u>27,678,297</u>	<u>27,404,050</u>
<b>Cost of sales</b>		
Cost of goods sold	14,164,222	13,280,532
Cost of construction	6,076,054	6,386,060
	<u>20,240,277</u>	<u>19,666,593</u>
<b>Selling, general and administrative expenses</b>	<u>5,760,942</u>	<u>5,906,642</u>
<b>Operating income</b>	1,677,076	1,830,814
<b>Non-operating income</b>		
Interest & dividend income	85,370	14,212
Other	65,232	68,828
	<u>150,602</u>	<u>83,040</u>
<b>Non-operating expenses</b>		
Interest expenses	276	-
Foreign exchange loss	439,583	354,623
Other	60,070	95,644
	<u>499,930</u>	<u>450,268</u>
<b>Ordinary profit</b>	1,327,749	1,463,586
<b>Extraordinary income</b>		
Gain on fixed assets sold	3	-
	<u>3</u>	<u>-</u>
<b>Extraordinary loss</b>		
Loss on disposal of fixed assets	30,979	20,563
Valuation loss on golf memberships	12,737	-
Valuation loss on investment securities	102,659	20,382
	<u>146,376</u>	<u>40,946</u>
Income before taxes and other adjustments	1,181,375	1,422,640
Corporate, inhabitant and enterprises taxes	676,491	772,366
Deferred taxes	(92,488)	(124,520)
<b>Net income</b>	<u>597,375</u>	<u>774,794</u>

**Consolidated Statement of Retained Earnings**

<b>Years ended March 31; Thousands of yen</b>	<b>2003</b>	<b>2004</b>
Balance at beginning of the period	9,449,917	9,674,425
Increase		
Net income	597,372	774,794
Deductions		
Cash dividends paid	328,825	291,113
Bonuses to directors and statutory auditors	44,040	32,400
Balance at end of the period	9,674,425	10,125,706

**Consolidated Statements of Cash Flows**

Years ended March 31; Thousands of yen	2003	2004
<b>Net cash from operating activities</b>		
Net income before income taxes	1,181,375	1,422,640
Depreciation	817,486	803,156
Valuation loss on investment securities	102,659	20,382
Increase in allowance for retirement benefits	22,454	129,256
Increase in allowance for directors' retirement benefits	22,620	17,210
Increase (decrease) in allowance for bonuses	(31,154)	15,403
Increase (decrease) in allowance for doubtful accounts	57,449	(76,082)
Interest and dividend income	(85,370)	(14,212)
Interest expenses	276	-
Foreign exchange loss (gain)	72,187	(292)
Gain on sale of fixed assets	(3)	-
Loss on disposal of fixed assets	30,979	20,563
Valuation loss on golf memberships	12,737	-
Decrease (increase) in trade receivables	1,739,201	(1,015,718)
Decrease in inventory	136,915	112,437
Increase (decrease) in trade payables	(784,718)	674,813
Directors' bonuses	(44,040)	(32,400)
Other	(284,013)	139,563
	2,967,041	2,216,721
Interest and dividend income	13,826	14,212
Interest expenses	(276)	-
Income tax and others	(520,411)	(599,290)
	2,460,180	1,631,643
<b>Net cash from investment activities</b>		
Payments for purchases of marketable securities	(2,348)	(1,198)
Payments for acquisition of tangible and intangible fixed assets	(943,889)	(1,296,305)
Proceeds from sales of tangible and intangible fixed assets	870	2,455
Proceeds from merger, purchase of business	82,612	-
Payments for loans	(20,523)	(24,086)
Proceeds from collection of loans	21,865	15,262
	(861,413)	(1,303,872)
<b>Net cash from financing activities</b>		
Payments for purchases of treasury stock	(360,255)	(188,098)
Dividends paid	(328,825)	(291,113)
	(689,081)	(479,211)
Effect of exchange rate changes on cash and cash equivalents	(25,008)	(37,725)
Increase (decrease) in cash and cash equivalents	884,676	(189,166)
Cash and cash equivalents at beginning of period	6,131,325	7,016,002
Cash and cash equivalents at end of period	7,016,002	6,826,835

## Segment Information

### Business segment information

Thousands of yen	Manufacturing business	Construction business	Total	Eliminations and/or corporate	Consolidated
<b>2003</b>					
<b>Sales</b>					
External customer sales	19,931,479	7,746,818	27,678,297	-	27,678,297
Intersegment transactions and eliminations	18,035	-	18,035	(18,035)	-
	19,949,514	7,746,818	27,696,333	(18,035)	27,678,297
Operating expenses	17,879,105	7,189,956	25,069,062	932,157	26,001,220
Operating income	2,070,409	556,861	2,627,270	(950,193)	1,677,076
Identifiable assets	14,410,559	3,573,175	17,983,734	9,633,867	27,617,602
Depreciation	757,197	22,720	779,917	37,568	817,486
Capital expenditures	570,590	18,886	589,477	3,268	592,745
<b>2004</b>					
<b>Sales</b>					
External customer sales	19,109,746	8,294,303	27,404,050	-	27,404,050
Intersegment transactions and eliminations	20,961	-	20,961	(20,961)	-
	19,130,707	8,294,303	27,425,011	(20,961)	27,404,050
Operating expenses	17,168,676	7,511,440	24,680,117	893,118	25,573,236
Operating income	1,962,031	782,863	2,744,894	(914,080)	1,830,814
Identifiable assets	14,580,654	3,840,991	18,421,646	10,071,048	28,492,694
Depreciation	745,390	17,459	762,849	40,306	803,156
Capital expenditures	1,145,890	11,844	1,157,734	85,771	1,243,505

### Basis of segmentation

The Group's business is divided into two segments based on the manufacturing of antennas, TV reception/transmission-related electronic equipment, and construction including telecommunications-related design and installation.

## Overseas Sales

The geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2004 and March 31, 2003, are summarized as follows:

<b>Thousands of yen</b>	<b>Europe</b>	<b>North America</b>	<b>Asia</b>	<b>Other</b>	<b>Total</b>
<b>2003</b>					
Overseas sales	2,920,594	1,209,062	927,066	90,875	5,147,598
Consolidated sales					27,678,297
As % of net sales	10.6	4.4	3.3	0.3	18.6

<b>Thousands of yen</b>	<b>Europe</b>	<b>North America</b>	<b>Asia</b>	<b>Other</b>	<b>Total</b>
<b>2004</b>					
Overseas sales	2,285,152	1,559,085	694,953	16,107	4,555,297
Consolidated sales					27,404,050
As % of net sales	8.3	5.7	2.5	0.1	16.6

1. Regions are classified on the basis of geographical proximity.
2. The major countries in each region are as follows.
  - (1) Europe: Germany, Great Britain
  - (2) North America: USA
  - (3) Asia: South Korea, China, Philippine
  - (4) Other: Australia, New Zealand
3. Overseas revenues are generated by the Company and its subsidiaries in countries and regions other than Japan.



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