

Dear Shareholders,

June 10, 2005

Hakuto Co., Ltd.

1-13, Shinjuku 1-chome, Shinjuku-ku, Tokyo

Notice of the 53rd Annual General Meeting of Shareholders

You are cordially invited to attend the 53rd Annual General Meeting of Shareholders of Hakuto Co., Ltd. (the “Company”), which will be held as per the schedule below.

If you are unable to attend the meeting in person, please first review the Reference Materials presented hereinafter and exercise your voting rights either in writing via conventional postal mail or the Internet.

When exercising your voting rights via postal mail, please indicate “for” or “against” for each agenda item shown on the enclosed Form for Exercising Voting Rights, sign the Form with your seal, and return it by postal mail immediately.

When exercising your voting rights via the Internet, please first carefully read the enclosed “Procedures for the Exercise of Voting Rights via the Internet,” and access the website (<https://www.mtb-daiko.jp>) designated by the Company, follow the directions on screen, and indicate “for” or “against” for each agenda item.

Sincerely,

Hiroshi Asai
President

1. Date & Time: Tuesday, June 28, 2005 at 10:00 a.m.

2. Venue: Conference Room, 8th Floor, Head Office Building, 1-13, Shinjuku 1-chome, Shinjuku-ku, Tokyo

3. Meeting Agenda

(1) Items to be reported:

1. Business Report, Balance Sheet, and Statement of Income for the Company’s 53rd business term (from April 1, 2004 to March 31, 2005).
2. Consolidated Balance Sheet and Consolidated Statement of Income for the Company’s 53rd business term (from April 1, 2004 to March 31, 2005), and the audit results of consolidated financial statements by the Company’s auditor and the Board of Corporate Auditors

(2) Items to be resolved:

Item 1: Approval of proposal for appropriation of retained earnings for the 53rd business term

Item 2: Appointment of thirteen directors

Item 3: Payment of retirement allowance for termination with the abolition of retirement allowances to retiring directors and the retirement allowance system for officers.

Following are attached the “Reference Materials for Exercising Voting Rights” and other materials relevant to the items to be discussed at the meeting.

Please note:

If attending the Meeting in person, please bring the enclosed Form for Exercising Voting Rights and present it at the reception desk.

Business Report

(From April 1, 2004 to March 31, 2005)

1. Business Performance

(1) Marketing activities and sales results

During the term, Japan's economy generally staged a modest recovery. In the first half of the period, the economy enjoyed a sustained recovery on the back of improved corporate earnings and expanded capital investments. Consumer spending also recovered gradually, thanks in part to the positive effects of the unseasonably hot summer and the Athens Olympics. In the second half, however, the recovery was weakened as growth in exports, production and consumer spending slowed due to higher oil prices, inventory adjustment in the information technology sector, and natural disasters.

In the electronics industry, both production and capital expenditures of manufacturers remained brisk in the first half of the year, driven by a recovery in demand for PCs and expanding demand for digital electronic appliances such as flat screen TVs and DVD recorders. In the second half, however, the industry lost its momentum due to an oversupply reflecting inventory adjustment in cellular phones and falling prices of LCD panels.

Although the prices of petroleum and chemical products rose due to higher crude oil prices, our principal customers in the oil refining, petrochemical, and paper & pulp industries maintained upward momentum.

In this environment, the Company implemented a number of initiatives to conform to the basic strategies set out in its medium-term management plan, named "New Hakuto Model." Namely, it will (1) focus on markets and products with a high growth potential, (2) aggressively enter new fields and adopt new technologies, (3) generate profits from its East Asian operations, (4) bolster price competitiveness, and (5) achieve an appropriate earnings balance between the Electronics and Electric Equipment and Electronic Components Divisions.

As a result of these efforts, net sales for the period were ¥108,627 million, an increase of 6.7% from the previous period on a consolidated basis. Of net sales, domestic sales came to ¥70,578 million, up 5.3%, while foreign sales stood at ¥38,049 million, up 9.3%. The gross margin rose 0.6 percentage points from the previous period, to 16.1%, thanks to higher sales of profitable products in both the electronics and chemical businesses. Operating income reached ¥4,174 million, an increase of 22.7% from the previous year, while ordinary income came to ¥4,186 million, up 26.0%. The Company recorded a ¥813 million gain on the sales of investment securities as an extraordinary gain for the period, while posting under extraordinary losses a ¥352 million impairment loss on investments in affiliated companies and a ¥331 million provision for possible losses on irrecoverable loans. As a result, net income amounted to ¥2,470 million, climbing 46.8% from the previous year.

The following is a segmental breakdown of business performance for the period under review.

Electronics Division

The electronic and electric equipment business remained generally buoyant as sales of PCB-related photolithography systems increased in East Asia, especially in China and Taiwan, on the back of expanded corporate capital investment, while sales of testers and photomask equipment for advanced semiconductor manufacturing facilities rose in Japan.

In the electronic components business, sound-generation ICs for cellular phones and LCD drivers suffered from a decline in unit sales prices resulting from the tougher competition and a lower sales volume due to production adjustments by our customers. In contrast, CODEC for flat screen TVs and digital still cameras (DSC), laser diode drives for DVD recorders, and graphic ICs for PCs and digital TVs held firm on the strength of a recovery in demand for PCs and peripheral devices and an expansion in the scope of application in the field of digital electronic appliances.

As a result of the above, sales of this segment came to ¥101,482 million, up 6.8% from the previous year, and operating income reached ¥6,030 million, up 18.3%.

Chemicals Division

In the industrial chemicals business, the Company had confronted a difficult business environment for the previous few years, in terms both of sales volume and unit price. This is attributable to the relatively low capacity utilization of our customers. However, both sales volume and profitability improved in the period under review, thanks mainly to a recovery in our customers' business. Our new application development in existing process additives also contributed to the improvement in the performance of the Division. In addition, sales of

water treatment chemicals for second-tier companies, and of Alcalsealan biopolysaccharide for the cosmetics industry, also expanded.

As a result, sales reached ¥6,003 million, an increase of 6.1% from the previous year, and operating income amounted to ¥522 million, up 23.3%.

Others Division

Temporary staff dispatch services experienced severe operating conditions because of the difficulty in attracting temporary staff and the stiffer price competition resulting from a rising number of newcomers.

As a result, sales were ¥1,142 million, down 5.0% from the previous year. A ¥27 million operating loss was recorded.

Sales by Segment

	Fiscal 2003 (term ended March 2004)		Fiscal 2004 (term ended March 2005)	
	Sales (¥ million)	Ratio to total (%)	Sales (¥ million)	Ratio to total (%)
Electronics	94,981	93.2	101,482	93.4
Chemicals	5,660	5.6	6,003	5.5
Others	1,202	1.2	1,142	1.1
Total	101,843	100.0	108,627	100.0

Note: Figures are exclusive of consumption tax.

(2) Investment in plant & equipment and fund procurement of the Group

The total investment in plant and equipment for the reporting period was ¥481 million. With respect to fund procurement, there are no material facts to report.

(3) Principal financial indicators

1) Consolidated

	(¥ million)			
	FY2001	FY2002	FY2003	FY2004 (reporting term)
Net sales	85,790	85,915	101,843	108,627
Ordinary profit	960	3,246	3,321	4,186
Net income	596	91	1,682	2,470
EPS (yen)	25.37	4.11	74.93	110.62
Total assets	62,056	58,201	62,229	65,644
Shareholders' equity	34,126	31,409	33,905	35,767

Notes:

1. EPS is calculated based on the average total number of shares outstanding during the term. The average total number of shares outstanding during the term is calculated after deducting the average number of treasury shares during the term.

The EPS Accounting Standards (Business Accounting Standards No. 2) and the Guidelines for EPS Accounting Standards (Business Accounting Standard Application Guidelines No. 4) have been applied since fiscal 2002.

2. Figures are exclusive of consumption tax.

3. Fractions less than one million yen rounded to the nearest million yen, excluding EPS.

2) The Company

(¥ million)

	FY2001	FY2002	FY2003	FY2004 (reporting term)
Net sales	63,524	65,047	79,594	84,305
Ordinary profit	1,074	2,872	2,572	3,561
Net income	692	1	1,249	2,179
EPS (yen)	29.49 (29.49)	0.07	55.36	97.47
Total assets	53,930	51,156	53,269	56,134
Shareholders' equity	32,184	29,366	31,646	33,282

Notes:

1. EPS is calculated based on the average total number of shares outstanding during the term. The average total number of shares outstanding during the term is calculated after deducting the average number of treasury shares during the term.
The EPS Accounting Standards (Business Accounting Standards No. 2) and the Guidelines for EPS Accounting Standards (Business Accounting Standard Application Guidelines No. 4) have been applied since fiscal 2002. The figures in parentheses above represent the EPS that would have been recorded had these Accounting Standards and Application Guidelines been applied to fiscal year 2001.
2. Figures are exclusive of consumption tax.
3. Fractions less than one million yen are omitted for fiscal 2002 and preceding terms, and figures for fiscal 2003 and beyond are rounded to the nearest million yen, excluding EPS.

(4) Issues facing the Company

The Japanese economy should continue to recover at a moderate pace for the foreseeable future. It is difficult to predict when the economy will begin to expand once again, or to measure the effects of high crude oil prices on the economy, and the end of the inventory adjustment period is also uncertain. However, capital spending is expected to remain firm against the backdrop of a steady improvement in corporate earnings.

Turning to overseas economies, steady growth is likely to be maintained in the United States as long as manufacturing production and consumer spending remain strong. Majority opinion, however, exhibits concern about movements in long-term interest rates and higher oil prices. In East Asia, China should continue to enjoy growth, while other countries in the region are likely to enjoy continued economic recovery.

In the domestic electronics industry, the principal market for the Company, demand for PCs and cellular phones is currently weakening in the global market, and some digital electronic appliances, including digital cameras, are unlikely to achieve the high growth experienced in the past, given maturing demand and falling prices. Be that as it may, it is expected that third-generation cellular phones for the domestic market will enjoy strong replacement demand after the second half of the current term, and that products with a high consumer preference such as flat-screen TVs will experience accelerating growth in sales volume thanks to a decline in prices to a generally affordable level. As a result, the electronics industry as a whole is expected to remain firm. In addition, there remain some areas with high growth potential in this sector: a rise in the rate of usage of semiconductors in cars and home electric appliances is expected, and investments in the development of next-generation semiconductors are sure to increase.

In the industrial chemicals sector, the difficult environment is expected to remain unchanged as the competition will be intensified in the oil & petrochemical and paper & pulp industries in the domestic market, reflecting the pressure to lower costs to accommodate rising prices of crude oil and other raw materials.

Given these circumstances, we believe that the most important challenge will be to identify markets and products with high growth potential while dealing with growth constraints (such as falling prices and production transfers) in the electronics industry. The priority management task is likely to be to rebuild a strong and profitable management structure through comprehensive risk management.

In the chemical business, which has confronted difficult conditions in recent years, we will endeavor to achieve a fundamental reform in our income and cost structures by exploiting new markets and developing new products.

As an electronics trading company with sales bases in East Asian countries, we have adopted a policy of focusing on closely integrating the operations of Group companies. We expect that the East Asian market will become increasingly important for the Company and its group members, since China and other nations in the region are forecast to grow at a rate exceeding that of Japan.

In particular, as our mainstay high-end equipment business is expected to grow in the East Asian market, the Company aims to establish a structure that will ensure aggressive operations in this region by increasing collaboration with all Asian subsidiaries, upgrading our service bases, and enlarging our work force.

We ask for the continued support of all shareholders as we pursue the initiatives described herein.

2. Profile of the Company (as of March 31, 2005)

(1) Main business lines of the Company (consolidated)

The Group is principally engaged in the sale, export and import of electronic and electric equipment and electronic components, and the manufacture and sale of industrial chemicals.

Main products in each segment are as follows.

Segment		Main products
Electronics	Electronic and Electric Equipment	Devices and equipment used in the manufacturing of semiconductors; equipment for PCBs; turbo-molecular pumps; refrigerator units for vacuum production equipment; electrostatic accelerators
	Electronic Components	Semiconductor devices; connectors; optical components
Chemicals	Industrial Chemicals	Industrial chemicals used in the oil refining and petrochemical industries; chemicals for water treatment; chemicals for the paper & pulp industry; paint-resistant chemicals
Others		Temporary staff dispatch services; outsourcing business

(2) Principal offices and plants of the Company

1) Principal offices and plants of the parent Company

Name	Location	Name	Location
Head Office	Shinjuku-ku, Tokyo	Isehara Technical Center	Isehara, Kanagawa
Kansai Branch	Itami, Hyogo	Yokkaichi Plant	Yokkaichi, Mie
Nagoya Branch	Nagoya, Aichi	Yokkaichi Research Center	Yokkaichi, Mie

2) Offices of principal subsidiaries

Name	Location
Hakuto Enterprises Ltd.	Causeway Bay, Hong Kong
Hakuto Singapore Pte. Ltd.	Singapore
Hakuto Taiwan Ltd.	Taipei, Taiwan

(3) Shareholder information

- 1) Number of shares authorized for issuance 54,000,000
- 2) Number of shares issued and outstanding 24,137,213
- 3) Number of shareholders 7,043
- 4) Major shareholders

Name of shareholder	Investment in the Company	
	Number of shares held (thousand shares)	Equity stake (%)
Japan Trustee Services Bank, Ltd. (trust account)	2,837.8	11.76
Shigeo & Megumi Takayama Foundation	1,813.3	7.51
The Master Trust Bank of Japan, Ltd. (trust account)	1,792.4	7.43
Shigeo Takayama	1,412.2	5.85
Ichiro Takayama	1,058.9	4.39
Ken Takayama	1,058.9	4.39
Ryutaro Takayama	1,058.8	4.39
Takayama International Education Foundation	1,000.0	4.14
Trust & Custody Services Bank, Ltd. (trust account A)	447.4	1.85
Trust & Custody Services Bank, Ltd. (trust account B)	409.0	1.69

Notes:

1. Hakuto Co., Ltd. holds no shares in any of the companies listed above.
2. Numbers of shares held are rounded down to the nearest 100 shares.
3. As stated in “(4) Acquisition, disposal and balance of treasury shares,” the Company owns 2,170,906 of its treasury shares. However, since these are non-voting shares, they are excluded from the list of major shareholders shown above.

(4) Acquisition, disposal and balance of treasury shares

- 1) Acquisition
 - Ordinary shares of common stock 576 shares
 - Total acquisition cost ¥854 thousand
- 2) Disposal
 - Ordinary shares of common stock 113 shares
 - Total disposal cost ¥163 thousand
- 3) Invalidated shares
 - No shares were invalidated during the term under review.
- 4) Treasury stock held at the balance sheet date
 - Ordinary shares 2,170,906 shares

(5) Share subscription rights

- 1) Outstanding share subscription rights
 - Share subscription rights issued pursuant to Article 280-20 and 280-21 (upon resolution of shareholders at the regular general meeting of shareholders held on June 28, 2004)
 - (A) Number of share subscription rights 3,425
 - (B) Class and number of shares for share subscription rights Common stock, 342,500 shares
 - (C) Offer price of share subscription rights Free of charge

2) Acquisition

Share subscription rights issued to persons other than the shareholders of the Company, with preferential terms during the reporting period

(A) Date of resolution of issuance	August 6, 2004
(B) Number of share subscription rights	3,425
(C) Class and number of shares for share subscription rights	Common stock, 342,500 shares
(D) Offer price of share subscription rights	Free of charge
(E) Amount to be paid upon the exercise of share subscription rights	¥1,540
(F) Exercise period of share subscription rights	July 1, 2006 to June 30, 2010
(G) Terms for exercise	

- a. A part of the granted number of share subscription rights shall be exercisable.
- b. Those who are granted share subscription rights may exercise them even after relinquishing their post as director, corporate auditor or employee of the Company or its subsidiaries and affiliates. When a person who is granted share subscription rights dies, that person's heir may exercise the rights. In either case, however, the exercise shall follow the terms stipulated in the share subscription right agreement.
- c. Share subscription rights may not be transferred to a third party, pledged or subject to any other such disposition.
- d. Other than mentioned above, restrictions on the exercise of share subscription rights and other items shall be stipulated in the share subscription right agreement.

(H) Causes and conditions for the retirement of share subscription rights

- a. The Company may retire share subscription rights free of charge when a proposal for (1) the merger contract by which the Company becomes an expired corporation, (2) a stock exchange contract by which the Company becomes a wholly-owned subsidiary, or (3) a stock transfer by which the Company becomes a wholly-owned subsidiary is approved at a general meeting of shareholders of the Company.
- b. The Company may retire share subscription rights which the Company has acquired and holds at any time free of charge.

(I) Restriction on the transfer of share subscription rights

The transfer of share subscription rights shall require the approval of the Board of Directors of the Company.

(J) Details of preferential terms

Share subscription rights were issued to the directors and employees of the Company and the directors of the Company's subsidiaries and affiliates free of charge.

3) Name of persons who are granted share subscription rights and the number of granted share subscription rights

(A) Directors of the Company

Name	Number of share subscription rights	Number of shares of common stock for share subscription rights
Shigeo Takayama	250	25,000
Hiroshi Asai	200	20,000
Yoshihito Akiyama	150	15,000
Tomoyuki Yamawaki	150	15,000
Shoichi Mizushima	125	12,500
Norimichi Hada	100	10,000
Yoshiaki Sato	100	10,000
Junji Kohira	100	10,000
Ryusaburo Sugimoto	100	10,000
Yoshinae Takada	100	10,000

(B) Employees of the Company, and directors of its subsidiaries and affiliates (Top 10)

Name	Number of share subscription rights	Number of shares of common stock for share subscription rights	Note
Masayuki Hirano	50	5,000	Employee of the Company
Jun Takagi	50	5,000	Employee of the Company
Takashi Kumakawa	50	5,000	Employee of the Company
Toshihide Okada	50	5,000	Employee of the Company
Mamoru Hidaka	50	5,000	Employee of the Company
Yasushi Shimizu	50	5,000	Employee of the Company
Shoji Kawamura	50	5,000	Employee of the Company
Norio Kawanabe	50	5,000	Employee of the Company
Tadakazu Motohashi	50	5,000	Employee of the Company
Hitoshi Takigami	50	5,000	Employee of the Company

(C) Breakdown of share subscription rights issued to employees of the Company and directors of its subsidiaries

	Number of share subscription rights	Number of shares of common stock for share subscription rights	Total number of persons to whom rights are granted
Employees of the Company	1,675	167,500	41
Directors of subsidiaries and affiliates	375	37,500	9

Note: The Company has issued bonds with warrants (the 4th unsecured bonds with warrants due in 2007) pursuant to the old Commercial Code. The stock to be issued, the outstanding balance of warrants, and the exercise price are as described in "Note 10 on the Balance Sheet: Share Subscription Rights."

(6) Employees

1) Employees of the Group

Number of employees	Change from end of previous term
1,494	(9)

Note: The number of employees is the number of those who are employed by the Group.

2) Employees of the Company

Number of employees	Change from end of previous term	Average age	Average number of years of service
539	24	40.3	13.2

Note: The above figures exclude 16 employees currently dispatched to affiliated companies.

(7) Business combinations

1) Principal subsidiaries

	Capital stock	Equity stake* (%)	Principal lines of business
Hakuto Enterprises Ltd.	HK\$22,025 thousand	100	Import/export of electronic equipment and components, manufacturing and sales of electronic components
Hakuto Singapore Pte. Ltd.	S\$5,000 thousand	100	Import/export of electronic equipment and components
Hakuto Taiwan Ltd.	NT\$70,000 thousand	100	Import/export of electronic equipment and components

*Ratio of voting rights held by the Company.

2) Changes in the scope of consolidation

No specific items to report.

3) Business performance on a consolidated basis

The Company has 11 consolidated subsidiaries, including the principal subsidiaries listed above. Two companies are accounted for by the equity method. For a summary of consolidated results, please see the above section "1. Business Performance, (3) Principal financial indicators, 1) Consolidated."

(8) Principal sources of borrowings

	Balance of borrowings (¥ million)	Company shares held by leders	
		Number of shares	Equity stake (%)
Sumitomo Mitsui Banking Corp.	1,780	—	—
Resona Bank, Ltd.	1,120	—	—
UFJ Bank Ltd.	890	—	—
The Bank of Tokyo-Mitsubishi, Ltd.	660	50.8 thousand	0.21
Nippon Life Insurance Co.	240	66.6 thousand	0.28

Note: The numbers of shares held are rounded down to the nearest 100 shares.

(9) Board of directors and corporate auditors

Name	Position	Responsibility or principal profession
Shigeo Takayama	Chairman	
Hiroshi Asai	President	
Yoshihito Akiyama	Executive Vice President	
Tomoyuki Yamawaki	Executive Vice President	Director, Manager of Secretariat and in charge of Environment, Safety and Quality Assurance Promotion Office
Shoichi Mizushima	Senior Vice President	Director and in charge of Personnel Dept., General Administration Dept., General Affairs Dept., Business Dept., Isehara Technical Center and Branches
Norimichi Hada	Vice President, Director	Division Manager of Electronic Components Division
Yoshiaki Sato	Vice President, Director	Division Manager of Chemical Business Division
Junji Kohira	Vice President, Director	Division Manager of Electronic Equipment Division No.1, Manager of Technology Dept. No.3 and of Marketing Planning Office, and Division Manager of Electronic Equipment Division No.2
Ryusaburo Sugimoto	Vice President, Director	Division Manager of Electronic Device Division and Manager of Marketing Administration Dept.
Yoshinae Takada	Vice President, Director	Manager of Corporate Planning Dept. and of Financial & Accounting Dept., and in charge of Information System Dept.
Eiichi Miyake	Vice President, Director	President of Sanei Giken Co., Ltd.
Ichiro Takayama	Vice President, Director	
Kozo Uno	Vice President, Director	Certified Public Accountant
Hideo Watanabe	Corporate Auditor	
Toshiyasu Asagami	Corporate Auditor	President of ASA Systems Co., Ltd.
Chikao Fukuda	Corporate Auditor	Attorney at law

Notes:

- At the conclusion of the 52nd annual general meeting of shareholders held on June 28, 2004, Toshiaki Hirai and Kenichi Uchida retired as directors and Akinori Murakami retired as corporate auditor, in line with the expiration of their terms of office.
- At the 52nd annual general meeting of shareholders held on June 28, 2004, Junji Kohira, Ryusaburo Sugimoto, Yoshinae Takada and Kozo Uno were elected as directors and assumed their posts.
- Among directors, Eiichi Miyake and Kozo Uno are external directors as provided for in Article 188, Paragraph 2, Item 7-2 of the Commercial Code.
- Among the corporate auditors, Toshiyasu Asagami and Chikao Fukuda are external auditors as provided for in Article 18, Paragraph 1 of the Law Concerning Special Measures under the Commercial Code for Auditors of Incorporated Enterprises.
- After the account settlement date, there was the following change in directors.

Name	Responsibility or principal profession	Date of change
Junji Kohira	Director and Division Manager of Electronic Equipment Division No. 2 and in charge of Electronic Equipment Division No. 1	April 1, 2005

(10) Amount of remuneration to be paid to Accounting Auditor

The amount of remunerations which the Company and its subsidiary corporations are to pay to the accounting auditor (KPMG AZSA & Co.; AZSA Center Building, 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo) is as follows.

	Amount of payment
1. The sum amount of remuneration which the Company and its subsidiaries are to pay to the accounting auditor	¥33 million
2. Among 1. above, the sum amount of remuneration which should be paid by the Company and its subsidiaries as a consideration to the certification of audit stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law (1948, Law No. 103)	¥31 million
3. Among 2. above, the amount of remuneration as the accounting auditor which the Company should pay	¥31 million

Note: The figure in 3. is the sum of amounts for the auditing based on the Law Concerning Special Measures under the Commercial Code for Auditors of Incorporated Enterprises and the auditing based on the Securities and Exchange Law, as they are not clearly divided in the audit agreement between the Company and the accounting auditor and cannot be divided practically.

(11) Significant subsequent events regarding the Status of the Group

There were no significant subsequent events to report after the account settlement date.

Notes:

1. In the reporting period, the Company became eligible for the application of the rules for special exceptions to consolidation of large companies stipulated in Article 20, Paragraph 2 of the Law Concerning Special Measures under the Commercial Code for Auditors of Incorporated Enterprises, and therefore, the business report is included in the status of the Group.
2. With respect to the figures in this business report, fractions below the presentation unit are rounded to the nearest presentation unit.

Consolidated Balance Sheet

As of March 31, 2005

(¥ thousand)

Assets	
Current assets	51,202,400
Cash and time deposits	7,211,981
Notes and accounts receivable - trade	31,260,407
Inventories	9,994,768
Deferred tax assets	764,607
Other current assets	2,052,464
Less: Allowance for doubtful accounts	(81,827)
Noncurrent assets	14,441,517
<i>Tangible fixed assets:</i>	6,815,311
Buildings and structure	1,947,393
Land	3,763,361
Other tangible fixed assets	1,104,557
<i>Intangible assets:</i>	405,750
<i>Investments and other assets:</i>	7,220,456
Investment securities	6,850,839
Deferred tax assets	35,070
Other investments	1,026,622
Less: Allowance for doubtful accounts	(482,275)
Less: Allowance for loss on investment securities	(209,800)
Total assets	65,643,917

(¥ thousand)

Liabilities	
Current liabilities	26,401,525
Notes and accounts payable - trade	16,942,832
Short-term borrowings	5,584,193
Accrued income taxes	1,156,306
Deferred tax liabilities	495
Accrued employees' bonuses	898,182
Allowance for product warranty	25,500
Other current liabilities	1,794,017
Long-term liabilities	3,475,392
Corporate bonds	600,000
Long-term debt	880,000
Deferred tax liabilities	914,510
Employees' severance and retirement benefits	64,656
Directors' severance and retirement benefits	967,703
Other long-term liabilities	48,523
Total liabilities	29,876,917
Shareholders' Equity	
Common stock	8,100,252
Capital surplus	7,532,364
Retained earnings	22,509,092
Net unrealized gains on available-for-sale securities	2,118,539
Less: Foreign currency transaction adjustment	(233,098)
Less: Treasury stock	(4,260,149)
Total shareholders' equity	35,767,000
Total liabilities and shareholders' equity	65,643,917

Consolidated Statement of Income

April 1, 2004 to March 31, 2005

(¥ thousand)

Ordinary profit/loss account	
Operating profit/loss account	
Operating revenue	108,626,971
Net Sales	108,626,971
Operating expenses	104,452,837
Cost of sales	91,119,724
Selling, general and administrative expenses	13,333,113
Operating income	4,174,134
Non-operating profit/loss account	
Non-operating revenue	217,655
Interest and dividend income	63,172
Equity in earnings of affiliates	65,719
Other miscellaneous revenues	88,764
Non-operating expenses	205,505
Interest expense	69,860
Foreign exchange loss	99,818
Other miscellaneous expenses	35,827
Ordinary profit	4,186,284
Extraordinary profit/loss account	
Extraordinary income	902,364
Gain on sale of investment securities	812,758
Loss on sale of tangible fixed assets	16,401
Gain on foreign exchange translation resulting from liquidation of overseas subsidiaries	43,043
Proceeds from cancellation of sales rights	30,162
Extraordinary losses	908,602
Loss on valuation of investment securities	352,032
Provision for allowance for loss on investment securities	9,800
Provision for allowance for doubtful accounts	330,755
Directors' severance and retirement benefits	18,325
Provision for directors' severance and retirement benefits	123,447
Loss on sale of tangible fixed assets	37,146
Loss on disposal of tangible fixed assets	18,334
Loss on valuation of membership rights	18,763
Income before income taxes	4,180,046
Income taxes - current	1,799,889
Income taxes - deferred	(89,720)
Net income	2,469,877

Basis of Presentation of Consolidated Financial Statements

1. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 11

Name of consolidated subsidiaries

Hakuto A&L Co., Ltd., Human Resources International Co., Ltd., Hakuto Information Technology Co., Ltd., Fuyo Chemical Industries Co., Ltd., Hakuto Enterprises Ltd., Hakuto Singapore Pte. Ltd., Hakuto Taiwan Ltd., Hakuto (Thailand) Ltd., Hakuto Engineering (Thailand) Ltd., Shunde Morning Sky Electrical Co., Ltd., and Hakuto Enterprises (Shanghai) Ltd.. Although Hakuto Europe GmbH was excluded from the consolidation due to the completion of liquidation procedures, its statement of income had been consolidated until the completion of liquidation.

(2) The non-consolidated subsidiaries Newport Co., Ltd. and Hakuto California, Inc. are excluded from consolidation as their impacts on total assets, net sales, consolidated profits and losses and retained earnings are small and insignificant as a whole.

2. Matters relating to the application of equity method

(1) Number of affiliated companies to which the equity method is applied: 2

Name of the equity method affiliates

Sanei Giken Co., Ltd. and ASA Systems Inc.

(2) Non-consolidated subsidiaries to which the equity method is not applied.

The non-consolidated subsidiaries Newport Co., Ltd. and Hakuto California, Inc. are excluded from consolidation as their impacts on total assets, net sales, consolidated profits and losses and retained earnings are small and insignificant as a whole.

Although Moldec International Taiwan Ltd. was excluded from the scope of application of the equity method due to the completion of liquidation procedures in the reporting period, its profits and losses had been incorporated until the completion of liquidation.

3. Matters relating to the business term of consolidated subsidiaries

Among the consolidated subsidiaries, Hakuto Enterprises Ltd., Hakuto Singapore Pte. Ltd., Hakuto Taiwan Ltd., Hakuto (Thailand) Ltd., Hakuto Engineering (Thailand) Ltd., Shunde Morning Sky Electrical Co., Ltd., and Hakuto Enterprises (Shanghai) Ltd. have an account settlement date on December 31.

Financial statements of these subsidiaries as of this account settlement were used for the preparation of consolidated financial statements, whereas any significant transactions that occurred before the consolidated account settlement date were adjusted in accordance with consolidated accounting practices.

4. Accounting policies

(1) Valuation standards and methods

1) Securities

Available-for-sale securities

Securities for which market quotations are available:

Stated at fair market value based on the market prices on the Balance Sheet date (Net unrealized gains/losses are directly charged to shareholders' equity and the cost of sales is computed using the moving average method.)

Securities for which market quotations are unavailable:

Valued at cost using the moving average method

2) Derivatives

Stated at fair market value

3) Valuation standards and methods of inventories

Merchandise, finished products, raw materials and work in progress: Stated at cost using the moving average method

Supplies: Stated at cost using the first-in, first-out method

(2) Depreciation methods for important depreciable assets

1) Property, plant and equipment

The declining-balance method is used for property, plant and equipment of the Company and its domestic consolidated subsidiaries. However, the straight-line method is used for those buildings (excluding annexes) acquired on or after April 1, 1998. The same standard as the method stipulated in the Corporate Tax Law is used for the useful life and residual value. With respect to overseas consolidated subsidiaries, the useful life is determined by individual estimation, and the straight-line method is used for buildings, while the declining-balance method is used for other property, plant and equipment.

2) Intangible assets

- a) Software for sale is amortized in the larger of either the amount calculated based on the estimated sales revenue for the effective sales period (no longer than 3 years) or the amount periodically distributed over the effective remaining sales period.
- b) Intangible assets in the form of software for in-house use are amortized by the straight-line method based on an estimated useful life of 5 years.
- c) Other intangible assets are amortized by the straight-line method. Useful lives and residual value of the assets are determined in accordance with stipulations of the Corporation Tax Law.

(3) Allowances and provisions

1) Allowance for doubtful accounts

Allowances for doubtful accounts for non-specific purposes are provided in amounts based on the historical loss rates, and further provisions for specific claims, including Loans to Borrowers with High Possibility of Business Failure, are made in the amounts deemed necessary based on individual assessment on collectibility of claims.

2) Allowance for loss on investment securities

Allowance for possible loss on investments in stocks for specific projects is provided in the amount deemed necessary, taking into account the financial position of the said companies.

3) Accrued employees' bonuses

Provisions for future employee bonus payments are recognized on an accrual basis in the reporting period.

4) Allowance for product warranty

Allowance for expenses required for free-of-charge repairs and changes of products for predetermined periods is provided in the amount deemed necessary in accordance with internal regulations based on the historical data.

5) Employees' severance and retirement benefits

Employees' severance and retirement benefits are recognized based on the estimated balance of retirement benefit obligations and pension assets as of balance sheet date. For the reporting term, the Company posted ¥4,715 thousand in pre-paid expenses under investments and other assets due to the balance of pension assets exceeding that of retirement benefit obligations. Actuarial difference will be periodically charged to income for the period of 10 years, which is shorter than the averaged remaining service period of the employees when the difference is recognized, beginning with the following term of recognition.

6) Directors' severance and retirement benefits

In preparation for the disbursement of retirement bonuses for directors, the Company and certain of its consolidated subsidiaries record estimated amounts required at the end of the period in question in accordance with internal regulations. As the retirement benefit system was changed in June 2004, no allowance was made in and after July.

Non-Consolidated Balance Sheet
As of March 31, 2005

(¥ thousand)

Assets	
Current assets	41,633,021
Cash and time deposits	4,481,641
Notes receivable - trade	2,606,582
Accounts receivable - trade	23,703,678
Marketable securities	29,515
Merchandise	7,329,354
Finished products	258,449
Raw materials	150,149
Work in progress	41,694
Supplies	14,899
Advance payment	1,148,926
Prepaid expenses	109,288
Deferred tax assets	650,000
Short-term loans to subsidiaries	830,000
Other current assets	292,846
Less: Allowance for doubtful accounts	(14,000)
Noncurrent assets	14,501,428
<i>Tangible fixed assets:</i>	5,741,760
Buildings	1,731,856
Structures	120,042
Machinery and production equipment	182,062
Vehicles	6,373
Tools, furniture and fixtures	632,743
Land	3,068,684
<i>Intangible assets:</i>	405,174
Leasehold rights	20,193
Software	363,782
Other intangible assets	21,199
<i>Investments and other assets:</i>	8,354,494
Investment securities	6,230,097
Investment securities in subsidiaries	1,957,553
Long-term loans	400,000
Claims on obligors under rehabilitation procedure	1,972
Long-term prepaid expenses	45,933
Prepaid pension expenses	4,518
Other investments	406,496
Less: Allowance for doubtful accounts	(482,275)
Less: Allowance for loss on investment securities	(209,800)
Total assets	56,134,449

(¥ thousand)

Liabilities	
Current liabilities	20,221,683
Notes payable - trade	5,468,678
Accounts payable - trade	8,002,863
Short-term borrowings	3,600,000
Long-term debt due within one year	390,000
Accounts payable - other	96,750
Accrued expenses	683,835
Accrued income taxes	978,189
Advances received	177,604
Deposits received	17,560
Accrued employees' bonuses	690,000
Allowance for product warranty	25,500
Share subscription rights	34,465
Other current liabilities	56,239
Long-term liabilities	2,630,882
Corporate bonds	600,000
Long-term debt	880,000
Deferred tax liabilities	188,200
Directors' severance and retirement benefits	936,300
Long-term guarantee money deposited	26,382
Total liabilities	22,852,565
Shareholders' Equity	
Common stock	8,100,252
Capital surplus	7,532,364
Appropriation for statutory reserve	2,532,385
Remaining portion	4,999,979
Gain on reduction in capital and appropriation for statutory reserve	4,999,969
Gain on disposal of treasury stock	10
Retained earnings	19,792,209
Voluntary reserves	16,004,602
Reserve for reduction entry of tangible fixed assets	768
Reserve for special depreciation	3,834
General reserve	16,000,000
Unappropriated retained earnings for the term	3,787,607
Net unrealized gains on available-for-sale securities	2115,643
Less: Treasury stock	(4,258,584)
Total shareholders' equity	33,281,884
Total liabilities and shareholders' equity	56,134,449

Non-Consolidated Statement of Income

April 1, 2004 to March 31, 2005

(¥ thousand)

Ordinary profit/loss account	
Operating profit/loss account	
Operating revenue	84,305,296
Net Sales	84,305,296
Operating expenses	81,177,788
Cost of sales	70,858,021
Selling, general and administrative expenses	10,319,767
Operating income	3,127,508
Non-operating profit/loss account	
Non-operating revenue	525,609
Interest and dividend income	475,313
Other miscellaneous revenues	50,296
Non-operating expenses	92,180
Interest expense	41,894
Other miscellaneous expenses	50,286
Ordinary profit	3,560,937
Extraordinary profit/loss account	
Extraordinary income	853,825
Gain on sale of investment securities	812,758
Loss on sale of tangible fixed assets	10,905
Proceeds from cancellation of sales rights	30,162
Extraordinary losses	853,399
Loss on valuation of investment securities	352,032
Provision for allowance for loss on investment securities	9,800
Provision for allowance for doubtful accounts	330,755
Provision for directors' severance and retirement benefits	100,775
Loss on sale of tangible fixed assets	29,562
Loss on disposal of tangible fixed assets	16,125
Loss on valuation of membership rights	14,350
Income before income taxes	3,561,363
Income taxes - current	1,515,000
Income taxes - deferred	(132,800)
Net income	2,179,163
Unappropriated retained earnings brought forward	1,828,110
Interim dividends paid	219,666
Unappropriated retained earnings carried forward	3,787,607

Basis of Presentation of Non-Consolidated Financial Statements

1. Valuation standards and methods of securities

Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are stated at cost using the moving-average method.

Available-for-sale securities

Securities for which market quotations are available:

Stated at fair market value based on the market prices on the Balance Sheet date. Net unrealized gains/losses are directly charged to shareholders' equity and the cost of sales is computed using the moving average method.

Securities for which market quotations are unavailable:

Valued at cost using the moving average method

2. Derivatives

Stated at fair market value

3. Valuation standards and methods of inventories

Merchandise, finished products, raw materials and work in progress: Stated at cost using the moving average method

Supplies: Stated at cost using the first-in, first-out method

4. Depreciation and amortization

(1) Tangible fixed assets

Tangible fixed assets are depreciated by the declining balance method. However, buildings (excluding connected fixed installations) acquired on or after April 1, 1998, are depreciated by the straight-line method. Useful lives and residual value of the assets are determined in accordance with the stipulations of the Corporation Tax Law.

(2) Intangible assets

1) Software for sale is amortized in the larger of either the amount calculated based on the estimated sales revenue for the effective sales period (no longer than 3 years) or the amount periodically distributed over the effective remaining sales period.

2) Intangible assets in the form of software for in-house use are amortized by the straight-line method based on an estimated useful life of 5 years.

3) Other intangible assets are amortized by the straight-line method. Useful lives and residual value of the assets are determined in accordance with stipulations of the Corporation Tax Law.

(3) Long-term prepaid expenses are amortized by the straight-line method in accordance with stipulations of the Corporation Tax Law.

5. Allowances and provisions

(1) Allowance for doubtful accounts

Allowances for doubtful accounts for non-specific purposes are provided in amounts based on the historical loss rates, and further provisions for specific claims, including Loans to Borrowers with High Possibility of Business Failure, are made in the amounts deemed necessary based on individual assessment on collectibility of claims.

(2) Allowance for loss on investment securities

Allowance for possible loss on investments in stocks for specific projects is provided in the amount deemed necessary, taking into account the financial position of the said companies.

(3) Accrued employees' bonuses

Provisions for future employee bonus payments are recognized on an accrual basis in the reporting period.

(4) Allowance for product warranty

Allowance for expenses required for free-of-charge repairs and changes of products for predetermined periods is provided in the amount deemed necessary in accordance with internal regulations based on the historical data.

(5) Employees' severance and retirement benefits

Employees' severance and retirement benefits are recognized based on the estimated balance of retirement benefit obligations and pension assets. For the reporting term, the Company posted ¥4,518 thousand in pre-paid expenses under investments and other assets due to the balance of pension assets exceeding that of retirement benefit obligations. Actuarial difference will be periodically charged to income for the period of 10 years, which is shorter than the averaged remaining service period of the employees when the difference is recognized, beginning with the following term of recognition.

(6) Directors' severance and retirement benefits

Directors' severance and retirement benefits are provided in the amount deemed necessary at the term-end in accordance with internal regulations.

On June 2004, the Company abolished its system of lump-sum retirement payments for directors. No provision is made for their services from July onward.

6. Leases

Finance leases other than those in which the ownership of the leased assets is deemed to be transferred to the lessee are accounted for by methods similar to those applicable to ordinary operating leases.

7. Hedge accounting

(1) Hedge accounting method

The deferred hedge accounting is applied. However, the Company applies designations to forward exchange contracts that fulfill the requirements for the designation method.

(2) Hedge instruments and hedge items

Hedge instruments: forward exchange contracts, etc

Hedge items: receivables and payables in foreign currencies and anticipated transactions in foreign currencies

(3) Hedge policy

In accordance with the Regulations on Market Risk Management and the Foreign Exchange Contract Conclusion Manual of the Company, currency movement risks are hedged for forward exchange contracts, etc.

(4) Valuation method of effectiveness of hedging activities

Important terms for foreign currency transactions in hedge instruments and hedge items can be regarded as the same. Since this can be assumed to establish a complete offset of currency movements at the time of commencement of hedging activities and thereafter continuously, the valuation of effectiveness is omitted.

8. Consumption taxes are excluded from the amounts in the non-consolidated statements of income.

Proposed Appropriation of Retained Earnings

(Yen)

Unappropriated retained earnings	3,787,606,549
Reversal of reserve for reduction entry of tangible fixed assets	116,724
Reversal of reserve for special depreciation	1,291,723
Total	3,789,014,996
The Company proposes the following appropriations:	
Cash dividends (¥20 per share)	439,326,140
Bonuses to directors	38,000,000
[of which, bonuses to corporate auditors]	[2,500,000]
Retained earnings carried forward	3,311,688,856

Notes:

1. Reversal amounts of reserves for reduction entry of tangible fixed assets and special depreciation are posted in accordance with stipulations of the Special Taxation Measures Law.
2. On December 10, 2004 interim dividends were paid in the amount of ¥219,666,450 (¥10 per share).
3. 2,170,906 treasury shares are excluded from calculation for cash dividends per share.
4. A capital surplus of ¥4,999,979,386, after appropriations for statutory reserves, has been carried forward to the current term.

Reference Materials for Exercising Voting Rights

1. Total number of voting rights 219,060

2. Agenda items and reference materials

Item 1:

Approval of proposal for appropriation of retained earnings for the 53rd business term

Please refer to page 24 of the attached document for information on the substance of the proposal.

After considering the Company's performance over the reporting period, we based our decision regarding the dividend to be paid on our longstanding policy of returning profit to shareholders insofar as is consistent with the maintenance of sufficient internal reserves to enable us to strengthen our financial position and carry out further business development.

We propose to increase the Company's ordinary dividend by ¥10 per share, making a term-end dividend payment of ¥20 per share. Combined with the interim dividend of ¥10, a total dividend of ¥30 per share for the term will be paid.

Item 2:**Appointment of thirteen directors**

The term of office of all thirteen directors will expire at the conclusion of the present General Meeting of Shareholders. Accordingly, approval of the appointment of the following thirteen directors is requested.

Career histories of the candidates are as follows.

Candidate Number	Name (Date of Birth)	Career History including Representation of Other Companies	Number of Shares of the Company Owned By the Candidate
1	Shigeo Takayama (May 27, 1916)	Nov. 1953 Founded the Company as President June 2000 Chairman (present)	1,412,200
2	Hiroshi Asai (Oct. 12, 1947)	Apr. 1971 Joined Matsushita Electric Trading Co., Ltd. (currently Matsushita Electric Industry Co., Ltd.) Feb. 2000 Joined the Company June 2000 Director June 2004 President (present)	12,300
3	Yoshihito Akiyama (Feb. 5, 1943)	July 1969 Joined the Company June 1994 Director and Manager of Accounting Dept. Apr. 1997 Director and Deputy General Manager of Administrative Control Div. and Manager of Marketing Administration Dept. Apr. 1998 Director and Manager of Corporate Planning Dept. June 2000 Senior Vice President and Manager of Corporate Planning Dept. June 2001 Executive Vice President and Manager of Corporate Planning Dept. Dec. 2001 Executive Vice President and Division Manager of Corporate Administration Div. Apr. 2003 Executive Vice President and in charge of Corporate Administration Div. June 2004 Executive Vice President (present)	15,467
4	Tomoyuki Yamawaki (Oct. 10, 1943)	Sep. 1966 Joined the Company June 1996 Director and Manager of Corporate Planning Dept. Apr. 1998 Director and Manager of President's Office June 2000 Senior Vice President, Manager of Secretariat and Division Manager of Affiliate Company Administration Div. July 2000 Senior Vice President and Division Manager of Affiliate Company Administration Div. June 2001 Senior Vice President and Manager of Secretariat Apr. 2002 Senior Vice President, Manager of Secretariat and in charge of Environment, Safety and Quality Assurance Promotion Office June 2004 Executive Vice President, Manager of Secretariat and in charge of Environment, Safety and Quality Assurance Promotion Office (present)	11,810

5	Shoichi Mizushima (Jun. 4, 1944)	<p>Apr. 1967 Joined the Company</p> <p>June 1998 Director and Division Manager of Administration Div. No.2</p> <p>Apr. 2000 Director, Division Manager of Administration Div. No.2 and Manager of Financial Dept.</p> <p>Dec. 2001 Director and Deputy Division Manager of Corporate Administration Div.</p> <p>Apr. 2003 Director and Division Manager of Corporate Administration Div.</p> <p>June 2004 Senior Vice President and in charge of Personnel Dept., General Administration Dept., General Affairs Dept., Business Dept., Isehara Technical Center and Branches (present)</p> <p><Representative status in other companies> Representative Director of Hakuto A&L Co., Ltd.</p>	13,103
6	Norimichi Hada (Oct. 8, 1946)	<p>Oct. 1969 Joined the Company</p> <p>Nov. 1992 Manager of Connector Systems Dept., Component Business Div.</p> <p>Sep. 1993 Deputy Division Manager of Component Business Div. and Manager of Component Systems Dept.</p> <p>July 1996 Division Manager of Electronics Component Business Div.</p> <p>Apr. 1997 President of Hakuto Taiwan Ltd. (former S&T HITECH LTD.)</p> <p>June 2001 Director and Division Manager of Affiliate Company Administration Div. of the Company</p> <p>Sep. 2001 Director, Division Manager of Electronics Div. No.1, and in charge of branches & offices</p> <p>Apr. 2002 Director, Division Manager of Electronics Div. No.1, Manager of Devices Marketing Dept. No.2 and in charge of branches & offices</p> <p>Apr. 2003 Director, Division Manager of Electronic Components Div. No.2, and in charge of branches</p> <p>Feb. 2004 Director and Division Manager of Electronic Components Div. (present)</p>	11,893
7	Yoshiaki Sato (June 28, 1947)	<p>Dec. 1982 Joined Hakuto Chemicals Co., Ltd.</p> <p>Apr. 1991 Transferred to the Company</p> <p>Apr. 2000 Manager of Marketing Dept. No.2, Chemical Business Div.</p> <p>Feb. 2002 Division Manager of Chemical Business Div.</p> <p>June 2003 Director and Division Manager of Chemical Business Div. (present)</p>	4,300

8	Junji Kohira (Nov. 18, 1947)	<p>Mar. 1970 Joined the Company</p> <p>July 1995 Manager of Sales Dept. No.3, System Div. No. 2</p> <p>Apr. 2000 President of S&T Enterprises Ltd. (currently Hakuto Enterprises Ltd.)</p> <p>Jan. 2003 Manager of Marketing Planning Office, Electronics Div. No. 2 of the Company</p> <p>Dec. 2003 Division Manager of Electronic Equipment Div. No. 4, Manager of Technology Dept. and of Marketing Planning Office</p> <p>Feb. 2004 Division Manager of Electronic Equipment Div. No. 1, Manager of Technology Dept. No.3 and of Marketing Planning Office</p> <p>June 2004 Director, Division Manager of Electronic Equipment Div. No.1, Manager of Technology Dept. No.3 and of Marketing Planning Office, and Division Manager of Electronic Equipment Div. No.2</p> <p>Apr. 2005 Director, Division Manager of Electronic Equipment Div. No.2, and in charge of Electronic Equipment Div. No.1 (present)</p>	10,300
9	Ryusaburo Sugimoto (June 3, 1954)	<p>Apr. 1978 Joined the Company</p> <p>Apr. 2000 Manager of Sales Dept. No. 5, Electronics Div. No. 1</p> <p>Apr. 2003 Division Manager of Electronic Components Div. No. 1</p> <p>Oct. 2003 Division Manager of Electronic Components Div. No. 1 and Manager of Electronic Device Sales Dept. No. 3</p> <p>Feb. 2004 Division Manager of Electronic Device Div.</p> <p>Apr. 2004 Division Manager of Electronic Device Div. and Manager of Marketing Administration Dept.</p> <p>June 2004 Director, Division Manager of Electronic Device Div. and Manager of Marketing Administration Dept. (present)</p>	1,100
10	Yoshinae Takada (May 27, 1957)	<p>Apr. 1983 Joined the Company</p> <p>Dec. 2001 Manager of Corporate Planning Dept., Corporate Administration Div.</p> <p>Apr. 2003 Deputy Division Manager of Corporate Administration Div.</p> <p>Jun. 2003 Deputy Division Manager, Corporate Administration Div. Manager of Corporate Planning Dept. and Financial & Accounting Dept.</p> <p>Jun. 2004 Director, Manager of Corporate Planning Dept. and Financial & Accounting Dept., and in charge of Information System Dept. (present)</p>	1,000

11	Ichiro Takayama (Jan. 3, 1958)	June 1990-June 1996 Director of the Company June 2000 Associate Professor, University of California at San Francisco, Medical School, Pediatrics Appointed Director of the Company (present)	1,058,923
12	Kozo Uno (July 3, 1933)	Aug. 1963 Registered as Certified Public Accountant (present) Jul. 1969 Senior Partner of Asahi & Co. (accounting corporation) May 1974 Established a private office as CPA (present) Oct. 1993 Deputy Managing Partner of Asahi & Co. May 1997 Managing Partner of Asahi & Co. May 1999 Chairman of Asahi & Co. June 2004 Appointed Director of the Company (present)	-
13	Katsuyoshi Iwashiro (March 20, 1945)	Oct. 2001 Deputy President of The Asahi Bank, Ltd. (currently Resona Bank, Ltd.) June 2002 President of Shoei Insurance Service Co., Ltd.	-

Notes:

1. Kozo Uno and Katsuyoshi Iwashiro, candidates for Director, meets the requirements for an outside director as stipulated in Article 188, Section 2-7-2 of the Commercial Code.
2. Special interest between candidates and the Company
Shigeo Takayama, a candidate for Director, is President of Takayama International Education Foundation, with which the Company conducts syndication transactions.

Item 3:

Approval of proposal to pay lump-sum retirement compensation to retiring directors, and to pay lump-sum retirement compensation — in the amount corresponding to the period up to the ending of the general shareholders’ meeting for 2004 — to currently-serving directors and corporate auditors, when they retire, in view of the termination of the system of payment of lump-sum retirement compensation to directors and corporate auditors of the Company

The management of the Company wish to pay lump-sum retirement compensation to Mr. Eiichi Miyake, a director of the Company who will be retiring, upon the expiration of his term of office, with effect from the conclusion of the present meeting of shareholders, in recognition of his services to the Company. The amount of the payment, which will be within reasonable limits, will be decided in accordance with the Company’s in-house regulations. Furthermore, we propose that the precise amount, and the time and method of payment be determined by the Board of Directors.

As part of the Company’s management reform initiative, with effect from the general meeting of shareholders held on June 28, 2004, the Company has terminated the application of its system of payment of lump-sum retirement compensation to retiring directors and corporate auditors. The aforementioned payments to currently serving officers are thus necessary to cover the period, under which they are eligible for such compensation, from their assumption of office up to the end of the general meeting of shareholders held in June 2004.

In addition, in view of the fact that, as stated above, the system of payment of lump-sum compensation upon retirement to directors and corporate auditors has been terminated, we seek the shareholders’ approval, subject to the prior approval of Item 2 of this Agenda, for the payment of retirement compensation to eight (8) directors reappointed at this shareholders’ meeting and to three (3) corporate auditors currently still serving in their posts. We propose that the amounts of the said compensation be within reasonable limits and in accordance with the fixed standards laid down in the Company’s in-house regulations; that the said compensation shall correspond to their service for the Company from their assumption of office to the end of the general meeting of shareholders in June 2004; and that the payment shall be made, in the case of each director or corporate auditor, when the said officer retires.

Furthermore, we propose that determination of the specific amounts and method of payment be left to the discretion of the Board of Directors in the case of directors, and to the Board of Corporate Auditors in the case of corporate auditors.

An abbreviated career history of the sole director retiring at the end of this present shareholders’ meeting is shown below.

Name	Career History
Eiichi Miyake	June 1996 Director of the Company (present)

Abbreviated career histories of directors and corporate auditors who will receive lump-sum retirement compensation for their services in the period from their assumption of office to the end of the general shareholders' meeting of June 2004 are shown below.

Name	Career History	
Shigeo Takayama	Nov. 1953	Founded the Company as President
	June 2000	Chairman (present)
Hiroshi Asai	June 2000	Director of the Company
	June 2004	President (present)
Yoshihito Akiyama	June 1994	Director of the Company
	June 2000	Senior Vice President
	June 2001	Executive Vice Present (present)
Tomoyuki Yamawaki	June 1996	Director of the Company
	June 2000	Senior Vice President
	June 2004	Executive Vice Present (present)
Shoichi Mizushima	June 1998	Director of the Company
	June 2004	Senior Vice President (present)
Norimichi Hada	June 2001	Director of the Company (present)
Yoshiaki Sato	June 2003	Director of the Company (present)
Ichiro Takayama	June 2000	Director of the Company (present)
Hideo Watanabe	June 2003	Corporate Auditor of the Company (present)
Toshiyasu Asagami	June 1999	Corporate Auditor of the Company (present)
Chikao Fukuda	June 2001	Corporate Auditor of the Company (present)

The English Translation is an abridged version of the original invitation notice in Japanese. In the event of discrepancy, the Japanese version shall prevail.