Data Communication System Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2002, and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Data Communication System Co., Ltd.:

We have examined the consolidated balance sheet of Data Communication System Co., Ltd. and subsidiaries as of March 31, 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended, all expressed in Japanese yen. Our examination was made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Data Communication System Co., Ltd. and subsidiaries as of March 31, 2002, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

Our examination also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 26, 2002

Data Communication System Co., Ltd. and Subsidiaries

Consolidated Balance Sheet
March 31, 2002

ASSETS	Millions of Yen	Thousands of U.S. Dollars (Note 1)
CURRENT ASSETS:		
Cash and cash equivalents	¥ 10,740	$ 80,600
Receivables:		
Trade accounts	7,396	55,505
Other	24	180
Allowance for doubtful receivables	(18)	(135)
Inventories (Note 3)	436	3,272
Deferred tax assets (Note 9)	613	4,600
Prepaid expenses and other current assets	81	608
Total current assets	19,272	144,630
PROPERTY, PLANT AND EQUIPMENT:		
Land	5,943	44,601
Buildings and structures	4,924	36,953
Other assets	1,051	7,887
Total	11,918	89,441
Accumulated depreciation	(2,521)	(18,919)
Net property, plant and equipment	9,397	70,522
INVESTMENTS AND OTHER ASSETS:		
Investment securities (Note 4)	690	5,178
Goodwill	162	1,216
Guarantee deposit	387	2,904
Life insurance premiums	300	2,251
Deferred tax assets (Note 9)	621	4,660
Other assets	157	1,179
Total investments and other assets	2,317	17,388
TOTAL	¥ 30,986	$ 232,540

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen	Thousands of U.S. Dollars (Note 1)
CURRENT LIABILITIES:		
Payables:		
Trade accounts	¥ 1,936	$ 14,529
Other	1,438	10,792
Income taxes payable	1,491	11,189
Accrued expenses	1,499	11,250
Other current liabilities	843	6,326
Total current liabilities	7,207	54,086
LONG-TERM LIABILITIES:		
Long-term debt (Note 5)	2,000	15,010
Liability for employees' retirement benefits (Note 6)	438	3,287
Retirement allowances for directors and corporate auditors	593	4,450
Total long-term liabilities	3,031	22,747
MINORITY INTERESTS	240	1,801
SHAREHOLDERS' EQUITY (Notes 7 and 12):		
Common stock—authorized, 18,000,000 shares; issued, 12,609,633 shares	6,111	45,861
Additional paid-in capital	6,189	46,447
Retained earnings	8,691	65,223
Net unrealized loss on available-for-sale securities	(3)	(23)
Treasury stock—at cost, 115,426 shares	(480)	(3,602)
Total shareholders' equity	20,508	153,906
TOTAL	¥ 30,986	$ 232,540

See notes to consolidated financial statements.

Data Communication System Co., Ltd. and Subsidiaries

Consolidated Statement of Income
Year Ended March 31, 2002

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
NET SALES	¥ 38,068	$ 285,689
COST OF SALES (Notes 6 and 10)	30,633	229,892
Gross profit	7,435	55,797
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6 and 10)	2,819	21,155
Operating income	4,616	34,642
OTHER INCOME (EXPENSES):		
Interest and dividends income	8	60
Interest expense	(27)	(203)
Loss on write-down of investment securities	(246)	(1,846)
Other—net	14	105
Other expenses—net	(251)	(1,884)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	4,365	32,758
INCOME TAXES (Note 9):		
Current	1,990	14,934
Deferred	(97)	(728)
Total income taxes	1,893	14,206
MINORITY INTERESTS IN NET INCOME	55	413
NET INCOME	¥ 2,417	$ 18,139

	Yen	U.S. Dollars
PER SHARE OF COMMON STOCK (Note 2.n):		
Net income	¥ 192.35	$ 1.44
Fully diluted net income	192.33	1.44
Cash dividends applicable to the year	55.00	0.41

See notes to consolidated financial statements.

Data Communication System Co., Ltd. and Subsidiaries

Consolidated Statement of Shareholders' Equity
Year Ended March 31, 2002

		Millions of Yen				
	Outstanding Number of Shares of Common Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Loss on Available-for-sale Securities	Treasury Stock
BALANCE, APRIL 1, 2001	12,609,633	¥ 6,111	¥ 6,189	¥ 7,026	¥ (51)	
Net income				2,417		
Cash dividends, ¥50.0 per share				(630)		
Bonuses to directors and corporate auditors				(118)		
Adjustment of retained earnings for a newly consolidated subsidiary				(4)		
Net decrease in unrealized loss on available-for-sale securities					48	
Increase in treasury stock (115,347 shares)						¥ (480)
BALANCE, MARCH 31, 2002	12,609,633	¥ 6,111	¥ 6,189	¥ 8,691	¥ (3)	¥ (480)

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Additional Paid-in Capital	Retained Earnings	Unrealized Loss on Available-for-sale Securities	Treasury Stock
BALANCE, APRIL 1, 2001	$ 45,861	$ 46,447	$ 52,728	$ (383)	
Net income			18,139		
Cash dividends, $0.38 per share			(4,728)		
Bonuses to directors and corporate auditors			(886)		
Adjustment of retained earnings for a newly consolidated subsidiary			(30)		
Net decrease in unrealized loss on available-for-sale securities				360	
Increase in treasury stock					$ (3,602)
BALANCE, MARCH 31, 2002	$ 45,861	$ 46,447	$ 65,223	$ (23)	$ (3,602)

See notes to consolidated financial statements.

Data Communication System Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2002

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	¥ 4,365	$ 32,758
Adjustments for:		
Income taxes paid	(1,994)	(14,964)
Depreciation and amortization	426	3,197
Provision for retirement allowances for directors and corporate auditors	33	248
Loss on write-down of investment securities	246	1,846
Changes in assets and liabilities:		
Increase in receivables	(172)	(1,291)
Decrease in inventories	462	3,467
Decrease in prepaid expenses and other current assets	1	7
Decrease in payables	(513)	(3,850)
Increase in accrued expenses	93	698
Increase in liability for employees' retirement benefits	9	68
Increase in other current liabilities	135	1,013
Other—net	(105)	(788)
Total adjustments	(1,379)	(10,349)
Net cash provided by operating activities	2,986	22,409
INVESTING ACTIVITIES:		
Payment for purchase of investment securities	(500)	(3,753)
Payment for purchase of property, plant and equipment	(161)	(1,208)
Payment for purchase of stock of DATALINKS CO., LTD., net of cash acquired	(109)	(818)
Net cash used in investing activities	(770)	(5,779)
FINANCING ACTIVITIES:		
Proceeds from issuance of bonds with warrants	1,027	7,707
Cash dividends paid	(627)	(4,705)
Payment for purchase of treasury stock	(480)	(3,602)
Other—net	1	7
Net cash used in financing activities	(79)	(593)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,137	16,037
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,577	64,368
CASH AND CASH EQUIVALENTS OF A NEWLY CONSOLIDATED SUBSIDIARY, BEGINNING OF YEAR	26	195
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 10,740	$ 80,600

(Continued)

Data Communication System Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2002

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
ADDITIONAL INFORMATION RELATED TO PAYMENT FOR PURCHASE OF STOCK OF DATALINKS CO., LTD.:		
Assets acquired	¥ 1,737	$ 13,036
Goodwill	202	1,516
Liability assumed	(1,072)	(8,045)
Minority interest	(186)	(1,396)
Acquisition cost of stock of DATALINKS CO., LTD.	681	5,111
Cash and cash equivalents of DATALINKS CO., LTD.	(572)	(4,293)
Payment for purchase of stock of DATALINKS CO., LTD.	¥ 109	$ 818

See notes to consolidated financial statements.

(Concluded)

1. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Data Communication System Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.25 to $1, the rate of exchange at March 31, 2002. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2002 include the accounts of the Company and all subsidiaries (together, the "Group").

Under the control concept, those companies in which the Parent, directly or indirectly, is able to exercise control over operations are fully consolidated.

Effective April 1, 2001, the Company started to prepare consolidated financial statements as it acquired 72% of the shares of DATALINKS CO., LTD. in April 2001 and the significance of the other subsidiary has increased. The operations of this subsidiary had no material effect on the previous year's consolidated financial statements of the Group.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized over a period of 5 years. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include demand deposits, time deposits and other short-term investments, all of which mature or become due within three months of the date of acquisition.

c. Inventories—Merchandise is stated at cost determined by the moving-average method. Work in process is stated at cost determined by the specific identification method. Supplies are stated at cost determined by the most recent purchase cost method.

d. ***Property, Plant and Equipment***—Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method for most assets at rates based on the estimated useful lives of the assets except for buildings acquired after April 1, 1998, to which the straight-line method is applied. The range of useful lives is principally from 3 to 50 years for buildings and structures and from 2 to 20 years for tools, furniture and fixtures.

Assets with an acquisition cost from ¥100,000 to ¥200,000 are depreciated by the straight-line method over 3 years.

e. ***Software Costs***—Software development costs, incurred through the completion of a Beta version of specific software for sale to the market, are charged to income when incurred. Such costs incurred subsequent to the completion of the Beta version are capitalized and amortized at the greater of either the amount to be amortized in proportion to the actual sales volume and revenue of the software during the current year to the estimated total sales volume and revenue over the estimated salable years of the software up to three years or the amount to be amortized by the straight-line method over such salable years. Purchased software costs are charged to income as incurred because of the uncertainty that such costs will be recovered from related future economic benefits.

f. ***Investment Securities***—Available-for-sale securities with market value are stated at fair value at each balance sheet date, with unrealized gains and losses, net of tax, reported as a component of shareholders' equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost being determined by the moving-average method.

g. ***Deferred Charges***—Stock issuance costs and bond issuance costs are charged to income as incurred.

h. ***Employees' Pension Plan***—The Company has a contributory and a non-contributory funded pension plans covering substantially all of its employees. The subsidiaries also have non-contributory funded pension plans covering substantially all of their employees. Employees whose service with the Group is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The Group accounted for the liability for retirement benefits based on projected benefit obligations and plan assets at the balance sheet date for its non-contributory funded pension plans. The costs of the pension plan, based on actuarial computations of current and future employee benefits, are charged to operations. Actuarial gain or loss is being amortized over 5 years, starting from the following fiscal period.

The Company's policy for its contributory pension plan is to charge such costs to operations as incurred.

i. ***Retirement Allowances for Directors and Corporate Auditors***—Directors and corporate auditors are generally entitled to receive lump-sum payments based on compensation at the time of resignation and years of service when they resign from the Company. The accrued provisions are not funded and any amounts payable to directors and corporate auditors upon resignation are subject to the approval of the shareholders. The annual provision for severance payments is calculated to state the severance liability at the amount that would be payable if all directors and corporate auditors were to resign at the balance sheet date.

j. ***Research and Development Costs*—**Research and development costs are charged to income as incurred.

k. ***Leases*—**All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

l. ***Income Taxes*—**The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

m. ***Appropriations of Retained Earnings*—**Appropriations of retained earnings are reflected in the consolidated financial statements for the following year upon shareholders' approval.

n. ***Per Share Information*—**The computation of net income per share is based on the weighted average number of shares of common stock outstanding during each fiscal year, retroactively adjusted for stock splits. The weighted average number of shares of common stock used in the computation was 12,568,056 shares for 2002.

   Fully diluted net income per share of common stock assumes full exercise of outstanding warrants at the beginning of the year.

   Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the fiscal year without giving retroactive adjustment for subsequent stock split.

3. INVENTORIES

Inventories at March 31, 2002, consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
Merchandise	¥ 16	$ 120
Work in process	409	3,069
Supplies	11	83
Total	¥ 436	$ 3,272

4. INVESTMENT SECURITIES

Investment securities as of March 31, 2002, consisted of non-current equity securities.

The carrying amounts and aggregate fair value of investment securities at March 31, 2002, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale equity securities	¥ 163		¥ 6	¥ 157

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale equity securities	$ 1,223		$ 45	$ 1,178

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2002, were as follows:

	Carrying Amount	
	Millions of Yen	Thousands of U.S. Dollars
Investment securities, available-for-sale equity securities	¥ 533	$ 4,000

5. LONG-TERM DEBT

Long-term debt at March 31, 2002, consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
Unsecured 2.0% bonds, due June 2004	¥ 1,000	$ 7,505
Unsecured 1.38% bonds, due October 2005	1,000	7,505
Long-term debt	¥ 2,000	$ 15,010

Annual maturities of long-term debt at March 31, 2002, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2005	¥ 1,000	$ 7,505
2006	1,000	7,505
Total	¥ 2,000	$ 15,010

The warrants issued with the 2.0% bonds are detachable and entitle the holders to subscribe for shares of the Company's common stock through June 15, 2004, at an exercise price of ¥6,570 per share at March 31, 2002. The warrants were purchased by the Company and then granted to certain directors, corporate auditors and certain employees as part of an incentive stock appreciation rights plan. If all these outstanding warrants had been exercised at March 31, 2002, 152,207 shares of common stock would have been issued.

The warrants issued with the 1.38% bonds are detachable and entitle the holders to subscribe for shares of the Company's common stock through October 12, 2005, at an exercise price of ¥4,910 per share at March 31, 2002. The warrants were purchased by the Company and then granted to certain directors, corporate auditors and certain employees as part of an incentive stock appreciation rights plan. If all these outstanding warrants had been exercised at March 31, 2002, 203,666 shares of common stock would have been issued.

The proceeds of bonds with warrants are allocated between a bond portion and a warrant portion. The amounts ascribed to warrants are stated as other current liabilities.

The exercise price of the warrants is subject to adjustments to reflect stock splits and certain other events.

6. EMPLOYEES' RETIREMENT BENEFITS

The liability for employees' retirement benefits at March 31, 2002, consisted of the following:

	Millions of Yen	Thousands of U.S. Dollars
Projected benefit obligation	¥ 2,725	$ 20,450
Fair value of plan assets	(1,938)	(14,544)
Unrecognized actuarial loss	(349)	(2,619)
Net liability	¥ 438	$ 3,287

The components of net periodic retirement benefit costs for the year ended March 31, 2002, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Service cost	¥ 330	$ 2,477
Interest cost	67	503
Expected return on plan assets	(17)	(128)
Recognition of actuarial loss	31	233
Net periodic retirement benefit costs	¥ 411	$ 3,085

Assumptions used for the year ended March 31, 2002, are set forth as follows:

Discount rate	2.5%
Expected rate of return on plan assets	1.0%
Recognition period of actuarial gain/loss	5 years

The contributory funded employees' pension plan, with companies in the same line of business, was not included in the above tables as the fair value of plan assets corresponding to the Company's contribution cannot be reasonably computed. The contribution to the plan, except for employees' portion, which is charged to operations, amounted to ¥247 million ($1,854 thousand) for the year ended March 31, 2002. The amount of plan assets as of March 31, 2002, applicable to the Company based on its contribution to the fund, was ¥3,841 million ($28,826 thousand).

7. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Japanese Commercial Code (the "Code"), to which certain amendments became effective from October 1, 2001. Prior to October 1, 2001, the Code required at least 50% of the issue price of new shares, with a minimum of the par value thereof, to be designated as stated capital as determined by resolution of the Board of Directors. Proceeds in excess of amounts designated as stated capital were credited to additional paid-in capital. Effective October 1, 2001, the Code was revised and common stock par values were eliminated resulting in all shares being recorded with no par value.

Prior to October 1, 2001, the Code also provided that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other cash payments which are made as an appropriation of retained earnings applicable to each fiscal period shall be appropriated and set aside as a legal reserve until such reserve equals 25% of stated capital. Effective October 1, 2001, the revised Code allows for such appropriations to be set aside as a legal reserve until the total additional paid-in capital and legal reserve equals 25% of stated capital. The amount of total additional paid-in capital and legal reserve that exceeds 25% of stated capital can be transferred to retained earnings by resolution of the shareholders, which may be available for dividends. The Company's legal reserve amount, which is included in retained earnings, totals ¥412 million ($3,092 thousand) as of March 31, 2002. Under the Code, companies may issue new common shares to existing shareholders without consideration as a stock split pursuant to a resolution of the Board of Directors. Prior to October 1, 2001, the amount calculated by dividing the total amount of shareholders' equity by the number of outstanding shares after the stock split could not be less than ¥50. The revised Code eliminated this restriction.

Prior to October 1, 2001, the Code imposed certain restrictions on the repurchase and use of treasury stock. Effective October 1, 2001, the Code eliminated these restrictions allowing companies to purchase treasury stock by a resolution of the shareholders at the general shareholders meeting and dispose of such treasury stock by resolution of the Board of Directors after March 31, 2002. The acquisition amount of treasury stock cannot exceed the amount available for future dividend plus amount of stated capital, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

The Code permits companies to transfer a portion of additional paid-in capital and legal reserve to stated capital by resolution of the Board of Directors. The Code also permits companies to transfer a portion of unappropriated retained earnings, available for dividends, to stated capital by resolution of the shareholders.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

Under the Code, the amount available for dividends is based on retained earnings as recorded on the Company's books. At March 31, 2002, the amount available for dividends was ¥8,147 million ($61,141 thousand), which is net of unrealized loss on available-for-sale securities and treasury stock.

8. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥69 million ($518 thousand) for the year ended March 31, 2002.

9. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 42% for the year ended March 31, 2002.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2002, are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Deferred tax assets:		
Accrued bonuses	¥ 469	$ 3,520
Enterprise tax payable	136	1,021
Retirement allowances for directors and corporate auditors	249	1,869
Liability for employees' retirement benefits	181	1,358
Investment securities	96	720
Software	91	683
Membership right	53	398
Other	11	82
Total	1,286	9,651
Deferred tax liabilities:		
Special reserve for tax-purpose depreciation for personal computers	49	368
Other	3	23
Total	52	391
Net deferred tax assets	¥ 1,234	$ 9,260

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2002 is not disclosed as the difference between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income is less than 5% of the normal effective statutory tax rate.

10. LEASES

The Group leases furniture and fixtures, software and other assets.

Total rental expenses for the year ended March 31, 2002 were ¥61 million ($458 thousand), including ¥48 million ($360 thousand) of lease payments under finance leases.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance lease, depreciation expense, interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the year ended March 31, 2002, was as follows:

	Millions of Yen		
	Furniture and Fixtures	Software	Total
Acquisition cost	¥ 133	¥ 9	¥ 142
Accumulated depreciation	94	5	99
Net leased property	¥ 39	¥ 4	¥ 43

	Thousands of U.S. Dollars		
	Furniture and Fixtures	Software	Total
Acquisition cost	$ 998	$ 68	$ 1,066
Accumulated depreciation	705	38	743
Net leased property	$ 293	$ 30	$ 323

Acquisition costs and obligations include the imputed interest expense portion.

Obligations under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
Due within one year	¥ 20	$ 150
Due after one year	23	173
Total	¥ 43	$ 323

Depreciation expense including imputed interest expense under finance leases was ¥26 million ($195 thousand) for the year ended March 31, 2002.

Depreciation expense, which is not reflected in the accompanying consolidated statement of income, is computed by the straight-line method.

11. SEGMENT INFORMATION

The Group is mainly engaged in one industry segment that is the information service. The sales, operating income or assets of that segment accounted for more than 90% of the total consolidated sales, operating income or assets. Other sales, operating income or assets were not significant compared to the above segment. Therefore, information about operations in different industry segments has been omitted. As the Group had no foreign operations and sales to foreign customers, information about geographical segments and sales to foreign customers were not disclosed.

12. SUBSEQUENT EVENTS

a. Stock Option Plan and Purchase of Treasury Stock

At the general shareholders meeting held on June 25, 2002, the Company's shareholders approved the following stock option plan for the Company's directors, corporate auditors and key employees and the purchase of treasury stock for retirement and the related reduction of retained earnings:

(1) Stock option plan

The plan provides for granting options to directors, corporate auditors and key employees to purchase up to 100 thousand shares of the Company's common stock in the period from June 2002 to June 2012. The options will be granted at an exercise price of 105% of the averaged fair market value of the Company's common stock at the date from 45 days to 16 days before the date of option grant. The Company plans to issue acquired treasury stock upon exercise of the stock options.

(2) Purchase of treasury stock

The Company is authorized to purchase up to 200 thousand shares of the Company's common stock (aggregate amount of ¥1,000 million).

b. Appropriations of Retained Earnings

The following appropriations of retained earnings at March 31, 2002, were approved at the shareholders meeting held on June 25, 2002:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥45 ($0.34) per share	¥ 562	$ 4,218
Bonuses to directors and corporate auditors	134	1,006

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