

to ¥421.7 billion (\$3,927 million), and **current maturities of long-term debt** were down ¥80.3 billion from fiscal 2004 to ¥255.2 billion (\$2,376 million). This was due to repayments of interest-bearing debts, efforts for long-term funding and the classification of ¥210.0 billion (\$1,955 million) of the current maturities of long-term debt. The Company has entered into commitment line agreements which are intended to be used solely in support of refinancing the current maturities of long-term debt. (Note: Refer to Note 9 "Short-term and long-term debt" to the consolidated financial statements)

Trade payables increased by ¥57.9 billion to ¥966.9 billion (\$9,004 million) from fiscal 2004. This was due primarily to increases in Energy, Metals & Minerals, Chemicals, Forest products & General and Food, in accordance with improved business due to rising prices of marketable commodities.

In addition, there was an increase in **advances from customers** (a ¥36.7 billion increase from fiscal 2004 to ¥90.2 billion (\$839 million), due mainly to increases in Machinery, Aerospace, Electronics & Multimedia). There were also increases in **other current liabilities**, (a ¥17.4 billion increase from fiscal 2004 ¥161.1 billion (\$1,501 million), mainly due to increases in Aerospace, Electronics & Multimedia).

As a result, current liabilities were ¥2,060.1 billion (\$19,184 million), down ¥85.0 billion from fiscal 2004.

Reserves for Liquidity

The basic policy of the Company is to maintain and secure and adequate amount for short-term interest-bearing debts and contingent liabilities due within three months from a certain point of time for the necessary amount of reserves required for liquidity. This policy is based on the scenario whereby new funding may be unavailable for about three

months because of market turmoil. In such a case, the Company must maintain adequate reserves to repay liabilities during such a period in order to cope with unpredictable events.

The Company has a long-term commitment line with financial institutions totaling ¥210.0 billion (\$1,955 million) with a May 18, 2007 maturity. Against the background of this long-term commitment line, the Company has the intention and the ability for a long-term rollover of current maturities of long-term debt from financial institutions. It thus classified ¥210.0 billion (\$1,955 million) of current maturities of long-term debt to non-current liabilities on the consolidated balance sheets. This was part of ¥465.2 billion (\$4,331 million) in non-current liabilities with a deadline of one year or less based on loan contracts at the end of fiscal 2005.

However, in the table that follows, classification as shown below is in accordance with loan contract repayments.

Primary liquidity resources for this fiscal year, the summation of cash, cash equivalents, time deposits (¥455.6 billion), commitment line agreements (short-term ¥300.0 billion and long-term 210.0 billion) and commitment long-term loan agreement (¥17.0 billion) were ¥982.6 billion, a reduction of ¥62.3 billion from the previous fiscal year.

The total amount of liquidity reserves, or primary liquidity reserves and secondary liquidity reserves (other assets that can be changed into cash in a short period of time) stood at ¥1,440.1 billion. The Company believes that this amount constitutes adequate reserves of liquidity, since it is more than three times the necessary liquidity amount (short-term interest-bearing debts and contingent liabilities due within three months), which amounted to ¥361.5 billion as of March 31, 2005.

Necessary Liquidity

March 31	Billions of Yen		Millions of U.S. dollars
	2005	Necessary liquidity	2005
Short-term interest-bearing debts	¥ 421.7	¥ 210.9 (421.7/6 months x 3 months)	\$ 1,964
Current maturities of long-term interest-bearing debts	(*) 465.2	116.3 (465.2/12 months x 3 months)	1,083
Contingent liabilities (Guarantees [substantial risk] for monetary indebtedness of associated companies and customers)	137.3	34.3 (137.3/12 months x 3 months)	319
Total		¥ 361.5	\$ 3,366

(*) The Figure includes current maturities of long-term debt (¥255.2 billion) and a long-term commitment line with financial institutions (¥210.0 billion)

Primary Liquidity Reserves

	Billions of Yen		Millions of U.S. dollars
	Liquidity reserves		Liquidity reserves
1. Cash, cash equivalents and time deposits	¥	455.6	\$ 4,243
2. Commitment line agreements		510.0	4,749
3. Commitment long-term loan agreement		17.0	158
Total primary liquidity reserves	¥	982.6	\$ 9,150