

### ■ Strengthening the Group's Management

On October 1, 2001, Noritz Corp. acquired a 90% share in Harmanpro, a manufacturer of gas-related equipment in which Osaka Gas Co., Ltd., and the Osaka Gas Group hold shares, and made Harmanpro a subsidiary. Noritz also gained a 40% share in Harman Co., Ltd., a company that sells gas hot-water heaters and related equipment. Harmanpro introduced Noritz New Production Systems (NRPS) to its HPPS (Harmanpro Production System) operations, with the aim of raising efficiency in manufacturing. To this end, in May 2002 it condensed two production bases into one. In the future, Harmanpro intends to increase management efficiency as an integral member of the Noritz Group through the rationalisation of its development, production, and distribution activities, while also striving to reduce manufacturing costs.

Noritz, using its hot-water related equipment expertise as leverage, is undertaking expansion, adopting a medium-to-long-term view. It is also implementing a full-scale restructuring of subsidiaries and affiliated companies to strengthen the Group's management.

September 2001:

Kanto Sangyo, Co., Ltd., acquired Noritz subsidiary Sigma Life Co., Ltd., and merged with this company; Noritz acquired 100% of the shares in Kanto Sangyo, making it a wholly owned subsidiary.

April 2002:

Noritz increased its controlling share in Rocket Boiler Industry making it a subsidiary and changing its name to RB Corporation.

### ■ Noritz Receives Japan Star Award in the Japan Packaging Contest

In the Japan Packaging Contest, sponsored by the Japan Packaging Institute, Noritz received the Japan Star Award from the Director General of the Industrial Science and Technology Policy and Environment Bureau, within the Ministry of Economy, Trade and Industry. The award was given for Noritz's "Recycled Materials and Returnable Packaging for Gas-Related Hot Water Equipment." This was the first time a manufacturer of gas-related hot water heater appliances was included among the top 10 companies awarded the Japan Star Award. The award marked the fourth consecutive year that Noritz has received an award in the Japan Packaging Contest.

### ■ Noritz America Established

In January 2002, Noritz established a representative office in the U.S. state of California to handle sales of household tankless gas water heaters and related equipment.

The new company, Noritz America Corporation, is capitalized at \$115,000, is a wholly owned subsidiary of Noritz, and began selling Noritz-brand tankless gas water heaters from April. According to U.S. statistics, the demand for tankless gas water heaters is expected to rise to the 400,000- or 500,000-unit level in the next two to three years. Noritz America is initially targeting a 4 to 5% market share and aiming for first-year net sales of \$2.5 million, and net sales of \$15 million by 2004.