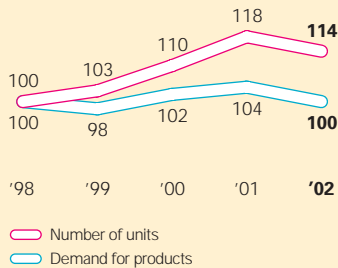


## REVIEW OF OPERATIONS

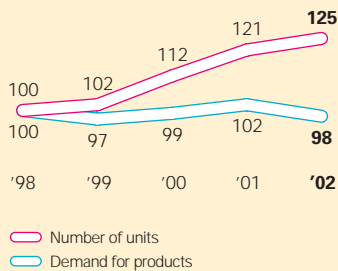
The following graphs show net unit sales, by product category, of Noritz products, along with total unit sales of such products in Japan (demand). The 1998 levels of both Noritz unit sales and total domestic unit sales are set at 100 to facilitate examination of subsequent trends.

### Gas Bath Heaters



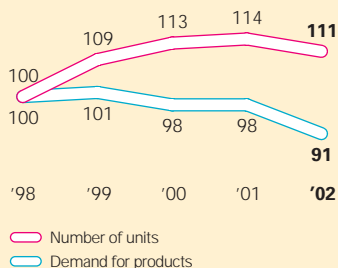
In 2002, domestic demand for gas bath heaters fell 4% from the 2001 level, to 1.81 million units, and the sales volume of Noritz gas bath heaters declined at approximately the same rate. As a result, the domestic market share of Noritz-brand products edged down 0.9 percentage point, to 37.3%. Demand for hot-water-heated flooring systems and other hot-water heating equipment increased 9% and the share of overall demand focused on such products rose. The Company's net sales in this field dropped 7%, to ¥47.1 billion.

### Gas-Related Water Heaters



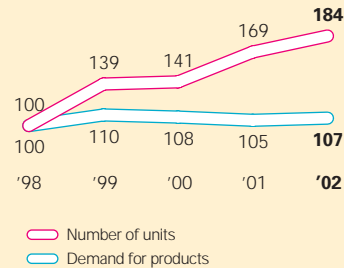
Domestic demand for gas-related water heaters decreased 4%, to below the 1.34 million-unit mark. Although Noritz's domestic sales volume of its own brand also declined, the market share of these products edged up 0.5 percentage point, to 29.1%. As the Company's sales of gas-related water heaters to other companies on an OEM basis also increased, the Company's worldwide sales volume grew. As a result, net sales of gas-related water heaters advanced 2%, to ¥15.4 billion.

### Kerosene-Fired Water Heaters



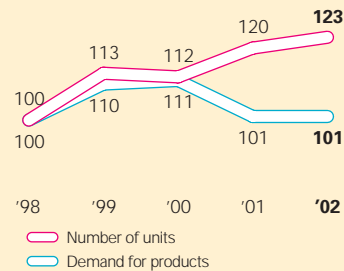
Domestic demand for kerosene-fired water heaters fell 8%, to below the 470,000-unit mark. Noritz was able to restrain the drop in its domestic sales volume to 2%, thereby boosting its market share 0.5 percentage point, to 30.5%. Consequently, the Company's net sales of kerosene-fired water heaters decreased 4%, to ¥15.2 billion.

### System Bathrooms for Private Homes



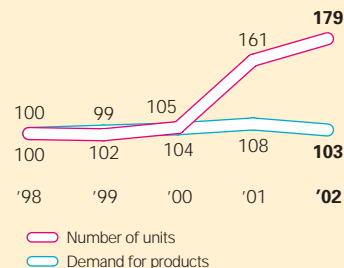
Domestic demand for system bathrooms edged up 2%, to above the 690,000-unit mark. Noritz expanded its domestic sales volume 9%, to above the 55,000-unit mark, thereby boosting its market share to 8%. As a result, the Company's net sales of system bathrooms rose 2%, to ¥16.9 billion, principally reflecting the increased use of those products by house manufacturers and other builders.

### System Kitchens for Private Homes



Domestic demand for system kitchens remained stable at approximately 560,000 units, but Noritz increased its domestic sales volume 2%, to above the 30,000-unit mark. Growing unit sales of mid-range products launched in June were an important factor helping boost the Company's net sales of system kitchens 8%, to ¥9.1 billion.

### Vanity Units



Domestic demand for vanity units dropped 4%, to below the 1.84 million-unit mark, but Noritz enjoyed strong sales of moderately priced new products, and the Company's domestic sales volume surged 12%, to above the 120,000-unit mark. As a result, Noritz's domestic market share advanced one percentage point, to 6.8%, and the Company's net sales of vanity units rose 9%, to ¥4.8 billion.

\* The sales figures do not refer to total sales and include various items (back margins) deducted from non-consolidated sales. The items whose amounts are deducted from sales span a wide range of product categories, making it impossible to calculate total sales in each individual product category.