

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
March 31, 2003 and September 30, 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	March 31, 2003	(Unaudited) September 30, 2003	(Unaudited) September 30, 2003
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and bank deposits	¥ 20,944	¥ 19,130	\$ 171,955
Short-term securities	1,993	3,005	27,011
Notes and accounts receivable:			
Trade	81,819	84,332	758,040
Unconsolidated subsidiaries and affiliates	154	272	2,445
	<u>81,973</u>	<u>84,604</u>	<u>760,485</u>
Allowance for doubtful accounts	( 1,373 )	( 1,040 )	( 9,348 )
	<u>80,600</u>	<u>83,564</u>	<u>751,137</u>
Inventories	12,318	12,498	112,342
Deferred income taxes	1,369	1,387	12,468
Other	1,489	1,747	15,703
Total current assets	<u>118,713</u>	<u>121,331</u>	<u>1,090,616</u>
<b>Investments and long-term accounts receivable:</b>			
Investments in securities	3,723	4,616	41,492
Investments in and advances to:			
Unconsolidated subsidiaries and affiliates	2,079	2,071	18,615
Other	437	186	1,672
Long term trade receivable and others	2,606	3,477	31,254
Allowance for doubtful accounts	( 2,481 )	( 3,541 )	( 31,829 )
	<u>6,364</u>	<u>6,809</u>	<u>61,204</u>
<b>Property and equipment:</b>			
Buildings and structures	16,695	16,613	149,330
Machinery and equipment	2,605	2,528	22,724
	<u>19,300</u>	<u>19,141</u>	<u>172,054</u>
Accumulated depreciation	( 10,631 )	( 10,852 )	( 97,546 )
	<u>8,669</u>	<u>8,289</u>	<u>74,508</u>
Land	11,478	11,459	103,002
Golf course	3,253	3,254	29,249
Construction in progress	474	474	4,261
	<u>23,400</u>	<u>23,476</u>	<u>211,020</u>
Deferred income taxes	1,772	1,698	15,263
Other assets	4,914	4,326	38,885
<b>Deferred assets:</b>			
Bond-issuing expense	41	26	234
	<u>¥ 155,204</u>	<u>¥ 157,666</u>	<u>\$ 1,417,222</u>

The accompanying notes are an integral part of these statements.

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	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	March 31, 2003	(Unaudited) September 30, 2003	(Unaudited) September 30, 2003
<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term bank loans	¥ 17,447	¥ 16,340	\$ 146,877
Current portion of long-term debt	3,064	2,923	26,274
Notes and accounts payable:			
Trade	88,767	89,678	806,094
Unconsolidated subsidiaries and affiliates	85	12	108
	<u>88,852</u>	<u>89,690</u>	<u>806,202</u>
Accrued employees' bonus	989	1,041	9,357
Accrued expenses	1,435	1,670	15,011
Accrued income taxes	351	857	7,704
Other	1,053	1,399	12,575
Total current liabilities	<u>113,191</u>	<u>113,920</u>	<u>1,024,000</u>
Long-term debt	22,407	23,398	210,319
Accrued retirement benefits for directors and corporate auditors	341	268	2,409
Accrued retirement benefits for employees	877	1,461	13,132
Deferred income taxes	35	34	306
Other long-term liabilities	2,510	2,476	22,256
Minority interest in consolidated subsidiaries	194	199	1,789
Shareholders' equity:	7,909	7,909	71,092
Common stock			
Authorized - 200,000,000 shares			
Issued and outstanding:			
- 93,840,310 shares at March 31 and September 30, 2003			
Additional paid in capital	6,082	6,082	54,670
Retained earnings	3,230	3,159	28,396
Net unrealized holding gains (losses) on other securities	( 347 )	227	2,040
Foreign currency translation adjustments	( 1,223 )	( 1,464 )	( 13,160 )
Less : Treasury common stock, at cost	( 2 )	( 3 )	( 27 )
Total shareholders' equity	<u>15,649</u>	<u>15,910</u>	<u>143,011</u>
	<u>¥ 155,204</u>	<u>¥ 157,666</u>	<u>\$ 1,417,222</u>

The accompanying notes are an integral part of these statements.

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
For the six-months ended September 30, 2002 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2003	2003
Net sales	¥ 118,425	¥ 130,280	\$ 1,171,056
Cost of sales	104,550	114,844	1,032,305
Gross profit	13,875	15,436	138,751
Selling, general and administrative expenses	13,851	14,753	132,612
Operating income	24	683	6,139
Other income (expenses):			
Interest and dividends income	533	494	4,441
Interest expense	( 697 )	( 705 )	( 6,337 )
Gain on sale of property and equipment	2	1	9
Gain on sale of investment in securities	116	70	629
Prior service benefit from changes to employee's retirement benefit plan	559		
Loss on devaluation of investments in securities	( 15 )		
Loss on sales of investment in securities		( 1 )	( 9 )
Loss on sale and disposal of property and equipment	( 1 )	( 10 )	( 90 )
Special severance payments for employee's early retirement plan	( 107 )	( 106 )	( 953 )
Other, net	115	142	1,277
Income before income taxes and minority interests	529	568	5,106
Income taxes			
Current	412	746	6,706
Deferred	( 15 )	( 350 )	( 3,146 )
	397	396	3,560
Minority interests in earnings of consolidated subsidiaries	14	9	81
Net income	¥ 118	¥ 163	\$ 1,465
		Yen	U.S. Dollars (Note 1)
Net income per share (basic)	¥ 1.26	¥ 1.74	\$ 0.02
Cash dividends per share			
Weighted average number of shares outstanding (thousands)	93,840	93,840	

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**YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
**For the six-months ended 30th September, 2002 and 2003**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2002	2003	2003
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 529	¥ 568	\$ 5,106
Adjustments for:			
Depreciation and amortization	453	433	3,892
Increase in allowance for doubtful accounts	273	735	6,607
Increase (decrease) in allowance for others	( 320 )	564	5,070
Dividends and interest income	( 533 )	( 494 )	( 4,440 )
Interest expenses	697	705	6,337
Gain on sale of investments in securities, net	( 116 )	( 69 )	( 620 )
Loss on devaluation of investments in securities	15		
Gain on sale of property and equipment	( 2 )		
Loss on sale and disposal of property and equipment, net	1	9	81
Special severance payments for employee's early retirement plan	107	106	953
Change in assets and liabilities net:			
Decrease (increase) in trade receivables	645	( 2,395 )	( 21,528 )
Decrease (increase) in inventories	954	( 405 )	( 3,640 )
Increase (decrease) in trade payables	( 3,944 )	1,015	9,124
Other, net	( 180 )	( 501 )	( 4,503 )
Sub total	( 1,421 )	( 271 )	( 2,439 )
Income taxes paid	( 587 )	( 314 )	( 2,822 )
Payment for special severance payments for employees' early retirement plan	( 105 )	( 99 )	( 890 )
Net cash used in operating activities	( 2,113 )	( 142 )	( 1,273 )
<b>Cash flows from investing activities:</b>			
Payments for time deposits	( 52 )	( 52 )	( 467 )
Proceeds from withdrawal of time deposits	60	52	467
Payments for acquisition of short-term securities	( 1,841 )	( 380 )	( 3,416 )
Proceeds from sale of short-term securities	2,429	1,069	9,609
Payments for acquisition of investments in securities	( 320 )	( 66 )	( 593 )
Proceeds from sale of investments in securities	281	170	1,528
Payments for acquisition of property and equipment	( 148 )	( 509 )	( 4,575 )
Proceeds from sale of property and equipment	6	13	117
Dividend and interest income received	533	492	4,422
Other, net	175	282	2,535
Net cash provided by investing activities	1,123	1,071	9,627
<b>Cash flows from financing activities:</b>			
Decrease in short-term bank loans, net	2,343	( 918 )	( 8,252 )
Proceeds from issuance of long-term debt	11,850	2,180	19,596
Payments of long-term debt	( 1,072 )	( 1,330 )	( 11,955 )
Proceeds from issuance of corporate bond	1,516		
Redemption of corporate bond	( 15,591 )		
Cash dividends paid	( 237 )	( 235 )	( 2,112 )
Interest expense paid	( 761 )	( 704 )	( 6,328 )
Other, net	( 1 )	( 3 )	( 27 )
Net cash used in financing activities	( 1,953 )	( 1,010 )	( 9,078 )
Effect of exchange rate change on cash and cash equivalents	( 48 )	( 33 )	( 297 )
Net decrease in cash and cash equivalents	( 2,991 )	( 114 )	( 1,021 )
Cash and cash equivalents at beginning of the period	17,631	21,989	197,654
Cash and cash equivalents at end of the period	¥ 14,640	¥ 21,875	\$ 196,633

The accompanying notes are an integral part of these statements.