

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30 and March 31, 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	(Unaudited) September 30, 2005	March 31, 2005	(Unaudited) September 30, 2005
ASSETS			
Current assets:			
Cash and bank deposits	¥ 27,600	¥ 24,384	\$ 243,838
Short-term securities	7,380	10,375	65,200
Notes and accounts receivable -			
Trade	92,300	93,093	815,443
Unconsolidated subsidiaries and affiliates	846	637	7,474
	<u>93,146</u>	<u>93,730</u>	<u>822,917</u>
Allowance for doubtful accounts	(779)	(1,747)	(6,882)
	<u>92,367</u>	<u>91,983</u>	<u>816,035</u>
Inventories	10,619	10,837	93,816
Deferred income taxes	861	747	7,606
Other	1,488	2,189	13,146
Total current assets	<u>140,315</u>	<u>140,515</u>	<u>1,239,641</u>
Investments and long-term accounts receivable:			
Investments in securities	7,681	6,182	67,859
Investments in and advances to-			
Unconsolidated subsidiaries and affiliates	1,853	2,261	16,371
Other	1,068	117	9,435
Long-term accounts receivable	2,368	2,526	20,921
Allowance for doubtful accounts	(4,079)	(3,188)	(36,037)
	<u>8,891</u>	<u>7,898</u>	<u>78,549</u>
Property and equipment:			
Buildings and structures	12,726	12,723	112,430
Machinery and equipment	2,239	2,262	19,781
	<u>14,965</u>	<u>14,985</u>	<u>132,211</u>
Accumulated depreciation	(8,727)	(8,563)	(77,100)
	<u>6,238</u>	<u>6,422</u>	<u>55,111</u>
Land	10,991	10,985	97,102
Construction in progress	122	-	1,078
	<u>17,351</u>	<u>17,407</u>	<u>153,291</u>
Deferred income taxes	11	354	97
Prepaid pension expenses	2,314	-	20,444
Other assets	2,846	2,962	25,144
	<u>¥ 171,728</u>	<u>¥ 169,136</u>	<u>\$ 1,517,166</u>

The accompanying notes are an integral part of these statements.

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	(Unaudited) September 30, 2005	March 31, 2005	(Unaudited) September 30, 2005
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term bank loans	¥ 5,221	¥ 7,284	\$ 46,126
Current portion of long-term debt	4,251	7,836	37,556
Notes and accounts payable-			
Trade	114,237	113,149	1,009,250
Unconsolidated subsidiaries and affiliates	8	7	71
	<u>114,245</u>	<u>113,156</u>	<u>1,009,321</u>
Accrued employees' bonus	1,535	1,506	13,561
Accrued expenses	1,889	1,826	16,689
Accrued income taxes	2,100	332	18,553
Other	1,430	1,721	12,633
Total current liabilities	<u>130,671</u>	<u>133,661</u>	<u>1,154,439</u>
Long-term liabilities:			
Long-term debt	15,151	14,632	133,855
Accrued retirement benefits for			
directors and corporate auditors	561	619	4,956
Accrued retirement benefits for employees	101	795	892
Deferred income taxes	1,224	1	10,814
Other	593	649	5,239
Total long term liabilities	<u>17,630</u>	<u>16,696</u>	<u>155,756</u>
Minority interests in consolidated subsidiaries	36	129	318
Shareholders' equity:			
Common stock			
Authorized - 200,000,000 shares			
Issued and outstanding			
- 93,840,310 shares at September 30			
and March 31, 2005	7,909	7,909	69,874
Additional paid-in capital	6,082	6,082	53,733
Retained earnings	8,514	4,767	75,219
Net unrealized holding			
gains on other securities	2,027	1,143	17,908
Foreign currency translation adjustments	(1,133)	(1,244)	(10,010)
Less : Treasury common stock, at cost			
- 32,614 shares at September 30, 2005			
and 28,916 shares at March 31, 2005	(8)	(7)	(71)
Total shareholders' equity	<u>23,391</u>	<u>18,650</u>	<u>206,653</u>
	<u>¥ 171,728</u>	<u>¥ 169,136</u>	<u>\$ 1,517,166</u>

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YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the six-months ended September 30, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004 (Unaudited)	2005
Net sales	¥ 165,859	¥ 149,079	\$ 1,465,315
Cost of sales	<u>147,371</u>	<u>132,495</u>	<u>1,301,979</u>
Gross profit	18,488	16,584	163,336
Selling, general and administrative expenses	<u>14,262</u>	<u>13,848</u>	<u>126,001</u>
Operating income	4,226	2,736	37,335
Other income (expenses):			
Interest and dividends income	608	542	5,372
Interest expense	(698)	(709)	(6,167)
Compensation received relating to transfer of a bussiness right	326	68	2,880
Gain on sale of property and equipment	6	2	53
Loss on sale and disposal of property and equipment	(10)	(33)	(88)
Gain on sale of investments in securities	-	26	-
Gain on return of the substitutional portion of pension plan	1,694	894	14,966
Prior service benefit from changes of employees' retirement benefit plan	1,336	-	11,803
Prior years' retirement benefits for directors and corporate auditors	-	(278)	-
Loss on devaluation of investments in unconsolidated subsidiaries	(470)	-	(4,152)
Loss on sale of properties	-	(687)	-
Other, net	<u>228</u>	<u>100</u>	<u>2,014</u>
Income before income taxes and minority interests	7,246	2,661	64,016
Income taxes			
Current	1,982	97	17,510
Deferred	<u>850</u>	<u>1,076</u>	<u>7,510</u>
	2,832	1,173	25,020
Minority interests in earnings of consolidated subsidiaries	4	23	35
Net income	<u>¥ 4,410</u>	<u>¥ 1,465</u>	<u>\$ 38,961</u>
	Yen		U.S. Dollars (Note 1)
Net income per share (basic)	¥ 47.01	¥ 15.62	\$ 0.415
Cash dividends per share	-	-	-
Weighted average number of shares outstanding during the current fiscal year (unit: thousands shares)	93,809	93,818	

The accompanying notes are an integral part of these statements.

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six-months ended 30th September, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004 (Unaudited)	2005
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 7,246	¥ 2,661	\$ 64,016
Adjustments for:			
Depreciation and amortization	343	388	3,030
Decrease in allowance for doubtful accounts	(79)	(5)	(698)
Decrease in accrued bonus and retirement benefits	(723)	(585)	(6,387)
Increase in prepaid pension expenses	(2,314)	?	(20,444)
Dividends and interest income	(608)	(542)	(5,372)
Interest expense	698	709	6,167
Foreign currency loss(gain)	9	(2)	80
Gain on sale of investments in securities, net	-	(26)	-
Loss on transfer of real estate	-	687	-
Loss on devaluation of investments in unconsolidated subsidiaries	470	?	4,152
Loss on disposal of property and equipment	10	32	88
Gain on sale of property and equipment	(6)	?	(53)
Changes in assets and liabilities:			
Increase in trade receivables	(280)	(211)	(2,474)
Decrease in inventories	280	451	2,474
Increase in trade payables	987	4,696	8,720
Directors' and statutory auditors' bonuses	(100)	?	(883)
Other, net	443	597	3,914
Sub total	<u>6,376</u>	<u>8,850</u>	<u>56,330</u>
Income taxes received (paid)	(169)	361	(1,493)
Net cash provided by operating activities	<u>6,207</u>	<u>9,211</u>	<u>54,837</u>
Cash flows from investing activities:			
Payments for time deposits	(241)	(107)	(2,129)
Proceeds from withdrawal of time deposits	99	92	875
Proceeds from sales of short-term securities	-	580	-
Payments for acquisition of investments in securities	(96)	(143)	(848)
Proceeds from sales of investments in securities	22	181	194
Payments for acquisition of property and equipment	(202)	(764)	(1,785)
Proceeds from sales of property and equipment	14	171	124
Dividends and interest income received	609	534	5,380
Other, net	11	506	97
Net cash provided by investing activities	<u>216</u>	<u>1,050</u>	<u>1,908</u>
Cash flows from financing activities:			
Decrease in short-term bank loans, net	(2,064)	(5,855)	(18,235)
Proceeds from issuance of long-term debt	1,900	450	16,786
Payments of long-term debt	(4,966)	(1,599)	(43,873)
Cash dividends paid	(563)	(235)	(4,974)
Interest expense paid	(697)	(694)	(6,158)
Other, net	(2)	(4)	(17)
Net cash used in financing activities	<u>(6,392)</u>	<u>(7,937)</u>	<u>(56,471)</u>
Effect of exchange rate change on cash and cash equivalents	<u>49</u>	<u>35</u>	<u>433</u>
Net increase in cash and cash equivalents	<u>80</u>	<u>2,359</u>	<u>707</u>
Cash and cash equivalents at beginning of the period	<u>34,665</u>	<u>27,368</u>	<u>306,255</u>
Cash and cash equivalents at end of the period	<u>¥ 34,745</u>	<u>¥ 29,727</u>	<u>\$ 306,962</u>

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