

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
September 30 and March 31, 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)		Millions of Yen		Thousands of U.S. Dollars (Note 1)
	(Unaudited) September 30, 2007	March 31, 2007	(Unaudited) September 30, 2007		(Unaudited) September 30, 2007	March 31, 2007	(Unaudited) September 30, 2007
<b>ASSETS</b>				<b>LIABILITIES AND NET ASSETS</b>			
Current assets:				Current liabilities:			
Cash and bank deposits	¥ 22,821	¥ 28,943	\$ 197,704	Short-term bank loans	¥ 9,156	¥ 6,156	\$ 79,321
Short-term securities	6,599	8,104	57,169	Current portion of long-term debt	2,268	10,927	19,648
Notes and accounts receivable -				Notes and accounts payable-			
Trade	102,666	103,616	889,422	Trade	115,793	122,624	1,003,145
Unconsolidated subsidiaries and affiliates	538	907	4,661	Unconsolidated subsidiaries and affiliates	20	12	173
	<u>103,204</u>	<u>104,523</u>	<u>894,083</u>		<u>115,813</u>	<u>122,636</u>	<u>1,003,318</u>
Allowance for doubtful accounts	( 806 )	( 881 )	( 6,983 )	Accrued employees' bonus	1,833	1,911	15,880
	<u>102,398</u>	<u>103,642</u>	<u>887,100</u>	Accrued expenses	2,076	2,037	17,985
Inventories	12,924	12,834	111,964	Accrued income taxes	2,646	3,634	22,923
Deferred income taxes	2,072	1,215	17,950	Other	2,665	2,094	23,087
Other	2,591	2,162	22,447		<u>136,457</u>	<u>149,395</u>	<u>1,182,162</u>
Total current assets	<u>149,405</u>	<u>156,900</u>	<u>1,294,334</u>	Total current liabilities			
				Long-term liabilities:			
Investments and long-term accounts receivable:				Long-term debt	4,180	2,027	36,212
Investments in securities	10,911	10,486	94,525	Accrued retirement benefits for			
Investments in and advances to-				directors and corporate auditors	-	313	-
Unconsolidated subsidiaries and affiliates	679	1,058	5,882	Accrued retirement benefits for employees	80	53	693
Other	13	21	113	Deferred income taxes	2,746	2,909	23,790
Long-term accounts receivable	732	823	6,341	Other	980	651	8,490
Allowance for doubtful accounts	( 810 )	( 964 )	( 7,017 )		<u>7,986</u>	<u>5,953</u>	<u>69,185</u>
	<u>11,525</u>	<u>11,424</u>	<u>99,844</u>	Total long - term liabilities			
				Net assets:			
Property and equipment:				Shareholders' equity:			
Buildings and structures	11,955	11,924	103,569	Common stock			
Machinery and equipment	1,915	1,830	16,590	- 93,840,310 shares at September 30 and March 31, 2007	7,909	7,909	68,518
	<u>13,870</u>	<u>13,754</u>	<u>120,159</u>	Additional paid-in capital	6,082	6,082	52,690
Accumulated depreciation	( 8,374 )	( 8,142 )	( 72,546 )	Retained earnings	19,290	17,961	167,114
	<u>5,496</u>	<u>5,612</u>	<u>47,613</u>	Less : Treasury common stock, at cost			
Land	8,562	10,911	74,175	- 41,882 shares at September 30, 2007 and 41,497 shares at March 31, 2007	( 15 )	( 15 )	( 130 )
	<u>14,058</u>	<u>16,523</u>	<u>121,788</u>	Total shareholders' equity	<u>33,266</u>	<u>31,937</u>	<u>288,192</u>
Deferred income taxes	29	30	251	Net unrealized gains and translation adjustments			
Prepaid pension expenses	2,407	2,381	20,852	Net unrealized holding gains on securities	3,518	3,389	30,477
Other	3,209	2,901	27,801	Net unrealized holding gains on hedges	3	65	26
	<u>¥ 180,633</u>	<u>¥ 190,159</u>	<u>\$ 1,564,870</u>	Foreign currency translation adjustments	( 597 )	( 580 )	( 5,172 )
				Total net unrealized gains and translation adjustments	<u>2,924</u>	<u>2,874</u>	<u>25,331</u>
				Total net assets	<u>¥ 180,633</u>	<u>¥ 190,159</u>	<u>\$ 1,564,870</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, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
Net sales	¥ 186,009	¥ 185,275	\$ 1,611,445
Cost of sales	<u>164,552</u>	<u>164,636</u>	<u>1,425,557</u>
Gross profit	21,457	20,639	185,888
Selling, general and administrative expenses	<u>15,944</u>	<u>14,900</u>	<u>138,127</u>
Operating income	5,513	5,739	47,761
Other income (expenses):			
Interest and dividends income	843	805	7,303
Interest expense	( 749 )	( 760 )	( 6,489 )
Gain on sale of property and equipment	4	13	35
Loss on sale and disposal of property and equipment	( 1 )	( 7 )	( 9 )
Loss on impairment of fixed assets	( 2,434 )	—	( 21,086 )
Reversal of allowance for doubtful account	151	—	1,308
Other, net	<u>280</u>	<u>298</u>	<u>2,425</u>
Income before income taxes and minority interests	3,607	6,088	31,248
Income taxes			
Current	2,429	2,247	21,043
Deferred	<u>( 1,066 )</u>	<u>234</u>	<u>( 9,235 )</u>
	1,363	2,481	11,808
Net income	<u>¥ 2,244</u>	<u>¥ 3,607</u>	<u>\$ 19,440</u>
			U.S. Dollars (Note 1)
Net income per share (basic)	¥ 23.91	¥ 38.46	\$ 0.207
Cash dividends per share	5.00	—	0.043
Weighted average number of shares outstanding during the current fiscal year (unit: thousands shares)	93,799	93,802	

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YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS(Unaudited)  
For the six-months ended 30th September, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 3,607	¥ 6,088	\$ 31,248
Adjustments for:			
Depreciation and amortization	337	339	2,920
Loss on impairment of fixed assets	2,434	—	21,086
Increase(decrease) in allowance for doubtful accounts	( 230 )	108	( 1,993 )
Decrease in accrued bonus and retirement benefits	( 389 )	( 569 )	( 3,370 )
Increase in prepaid pension expenses	( 27 )	( 66 )	( 234 )
Dividends and interest income	( 843 )	( 805 )	( 7,303 )
Interest expense	749	760	6,489
Foreign currency loss	10	13	87
Loss on sale of marketable securities and investments in securities	0	—	0
Loss on disposal of property and equipment	1	3	9
Gain on sale of property and equipment	( 4 )	( 9 )	( 35 )
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	1,930	( 3,888 )	16,720
Decrease (increase) in inventories	17	( 774 )	147
Increase (decrease) in trade payables	( 7,426 )	3,304	( 64,333 )
Other, net	582	1,154	5,042
Sub total	748	5,658	6,480
Income taxes paid	( 3,515 )	( 3,490 )	( 30,451 )
Net cash provided by (used in) operating activities	( 2,767 )	2,168	( 23,971 )
<b>Cash flows from investing activities:</b>			
Payments for time deposits	( 215 )	( 25 )	( 1,863 )
Proceeds from withdrawal of time deposits	182	25	1,577
Payments for acquisition of investments in securities	( 293 )	( 67 )	( 2,538 )
Proceeds from sales of investments in securities	15	—	130
Proceeds from collections of loan receivable	85	228	736
Payments for acquisition of property and equipment	( 562 )	( 267 )	( 4,869 )
Proceeds from sales of property and equipment	9	431	78
Dividends and interest income received	840	812	7,277
Other, net	( 63 )	( 7 )	( 545 )
Net cash provided by (used in) investing activities	( 2 )	1,130	( 17 )
<b>Cash flows from financing activities:</b>			
Decrease in short-term bank loans, net	3,000	( 1,045 )	25,990
Proceeds from issuance of long-term debt	2,500	400	21,658
Payments of long-term debt	( 9,006 )	( 1,601 )	( 78,021 )
Cash dividends paid	( 1,172 )	( 704 )	( 10,153 )
Interest expense paid	( 823 )	( 753 )	( 7,131 )
Other, net	0	( 1 )	0
Net cash used in financing activities	( 5,501 )	( 3,704 )	( 47,657 )
Effect of exchange rate change on cash and cash equivalents	( 24 )	19	( 208 )
Net increase in cash and cash equivalents	( 8,294 )	( 387 )	( 71,853 )
Cash and cash equivalents at beginning of the period	36,821	36,825	318,990
Cash and cash equivalents of new consolidated subsidiaries at beginning of year	473	—	4,098
Cash and cash equivalents at end of the period	¥ 29,000	¥ 36,438	\$ 251,235

The accompanying notes are an integral part of these statements.