

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2008 and 2007

	Millions of Yen		Thousands of
	(Unaudited) March 31, 2008	(Unaudited) March 31, 2007	U.S. Dollars (Unaudited) March 31, 2008
ASSETS			
Current assets:			
Cash and bank deposits	¥ 29,221	¥ 28,943	\$ 291,661
Short-term securities	8,581	8,104	85,644
Notes and accounts receivable trade	96,341	103,616	961,587
Unconsolidated subsidiaries and affiliates	411	907	4,096
	<u>96,752</u>	<u>104,523</u>	<u>965,683</u>
Allowance for doubtful accounts	(781)	(881)	(7,794)
	<u>95,971</u>	<u>103,642</u>	<u>957,889</u>
Inventories	11,398	12,834	113,765
Deferred income taxes	935	1,215	9,333
Other	2,233	2,162	22,281
Total current assets	<u>148,339</u>	<u>156,900</u>	<u>1,480,573</u>
Investments and long-term accounts receivable:			
Investments in securities	7,597	10,486	75,827
Investments in and advances to Unconsolidated subsidiaries and affiliates	528	1,058	5,266
Other	14	21	136
Long-term accounts receivable	495	823	4,942
Allowance for doubtful accounts	(600)	(964)	(5,985)
	<u>8,034</u>	<u>11,424</u>	<u>80,186</u>
Property and equipment:			
Buildings and structures	10,087	11,924	100,679
Machinery and equipment	1,687	1,830	16,833
	<u>11,774</u>	<u>13,754</u>	<u>117,512</u>
Accumulated depreciation	(7,200)	(8,142)	(71,862)
	<u>4,574</u>	<u>5,612</u>	<u>45,650</u>
Land	7,639	10,911	76,250
	<u>12,213</u>	<u>16,523</u>	<u>121,900</u>
Deferred income taxes	24	30	241
Prepaid pension expenses	2,423	2,381	24,184
Other	3,159	2,901	31,535
Total	<u>¥ 174,192</u>	<u>¥ 190,159</u>	<u>\$ 1,738,619</u>

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	(Unaudited) March 31 , 2008	(Unaudited) March 31 , 2007	(Unaudited) March 31 , 2008
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term bank loans	¥ 9,956	¥ 6,156	\$ 99,366
Current portion of long-term debt	1,431	10,927	14,278
Notes and accounts payable trade	113,376	122,624	1,131,605
Unconsolidated subsidiaries and affiliates	—	12	—
	<u>113,376</u>	<u>122,636</u>	<u>1,131,605</u>
Accrued employees' bonus	1,777	1,911	17,733
Accrued expenses	2,169	2,037	21,645
Accrued income taxes	1,020	3,634	10,185
Other	1,873	2,094	18,717
Total current liabilities	<u>131,602</u>	<u>149,395</u>	<u>1,313,529</u>
Long-term liabilities:			
Long-term debt	3,096	2,027	30,904
Accrued retirement benefits for directors and corporate auditors	—	313	—
Accrued retirement benefits for employees	73	53	727
Deferred income taxes	1,520	2,909	15,172
Other	1,462	651	14,586
Total long - term liabilities	<u>6,151</u>	<u>5,953</u>	<u>61,389</u>
Net assets:			
Shareholders' equity:			
Common stock			
— 93,840,310 shares at March 31 , 2008 and 2007	7,909	7,909	78,945
Additional paid-in capital	6,082	6,082	60,701
Retained earnings	22,075	17,961	220,333
Less : Treasury common stock, at cost			
— 42,217 shares at March 31 , 2008 and 41,497 shares at March 31 , 2007	(16)	(15)	(159)
Total shareholders' equity	<u>36,050</u>	<u>31,937</u>	<u>359,820</u>
Net unrealized gains and translation adjustments—			
Net unrealized holding gains on securities	1,767	3,389	17,638
Net unrealized holding gains on hedges	(68)	65	(683)
Foreign currency translation adjustments	(1,310)	(580)	(13,074)
Total net unrealized gains and translation adjustments	<u>389</u>	<u>2,874</u>	<u>3,881</u>
Total net assets	<u>36,439</u>	<u>34,811</u>	<u>363,701</u>
Total	<u>¥ 174,192</u>	<u>¥ 190,159</u>	<u>\$ 1,738,619</u>

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars
	(Unaudited) March 31 , 2008	(Unaudited) March 31 , 2007	(Unaudited) March 31 , 2008
Net sales	¥ 376,852	¥ 377,611	\$ 3,761,374
Cost of sales	333,773	334,923	3,331,405
Gross profit	43,079	42,688	429,969
Selling, general and administrative expenses	31,560	30,370	315,000
Operating income	11,519	12,318	114,969
Other income (expenses):			
Interest and dividends income	1,610	1,531	16,065
Interest expense	(1,534)	(1,530)	(15,315)
Loss on devaluation of derivative	(639)	—	(6,375)
Gain on sale of property and equipment	4	13	42
Loss on sale and disposal of property and equipment	(4)	(23)	(43)
Gain on sales of investments in securities	8	19	76
Loss on devaluation of investments securities	(134)	—	(1,335)
Loss on devaluation of investments in an unconsolidated subsidiaries	—	(66)	—
Loss on impairment of fixed assets	(2,433)	—	(24,285)
Reversal of allowance for doubtful account	164	—	1,635
Other, net	449	591	4,493
Income before income taxes and minority interests	9,010	12,853	89,927
Income taxes			
Current	3,442	5,213	34,356
Deferred	71	133	707
	3,513	5,346	35,063
Net income	¥ 5,497	¥ 7,507	\$ 54,864
	Yen	Yen	U.S. Dollars
Net income per share (basic)	¥ 58.60	¥ 80.03	\$ 0.585
Cash dividends per share	12.50	12.50	0.125
Weighted average number of shares outstanding during the current fiscal year (unit: thousands shares)	93,798	93,801	

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars
	(Unaudited) March 31 , 2008	(Unaudited) March 31 , 2007	(Unaudited) March 31 , 2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 9,010	¥ 12,853	\$ 89,927
Adjustments for:			
Depreciation and amortization	703	676	7,017
Loss on impairment of fixed assets	2,433	—	24,285
Increase or decrease in allowance for doubtful accounts	(459)	(1,223)	(4,580)
Increase or decrease in allowance for others	(446)	(335)	(4,455)
Increase or decrease in prepaid pension expenses	(42)	(124)	(423)
Dividends and Interest income	(1,610)	(1,531)	(16,065)
Interest expense	1,534	1,530	15,315
Foreign currency gain and loss	(7)	40	(69)
Gain on sales of investments in securities	(8)	(19)	(76)
Loss on devaluation of investments securities	134	—	1,335
Loss on devaluation of investments in unconsolidated subsidiaries	—	66	—
Loss on disposal of property and equipment	4	18	43
Gain or loss on sales of property and equipment	(4)	(9)	(42)
Changes in assets and liabilities:			
Increase or decrease in trade receivables	8,079	(6,276)	80,639
Increase or decrease in inventories	1,160	(1,485)	11,581
Increase or decrease in trade payables	(9,516)	5,196	(94,975)
Other, net	1,262	2,089	12,579
Sub total	12,227	11,466	122,036
Income taxes paid	(6,163)	(5,421)	(61,506)
Net cash provided by operating activities	6,064	6,045	60,530
Cash flows from investing activities:			
Payments for time deposits	(569)	(35)	(5,681)
Proceeds from withdrawal of time deposits	294	45	2,935
Payments for acquisition of investments in securities	(568)	(200)	(5,671)
Proceeds from sales of investments in securities	25	97	249
Payments for loan	(121)	(82)	(1,207)
Proceeds from collections of loan receivable	116	237	1,159
Payments for acquisition of property and equipment	(849)	(809)	(8,479)
Proceeds from sales of property and equipment	1,578	435	15,746
Dividends and interest income received	1,607	1,538	16,038
Other, net	(30)	(15)	(289)
Net cash provided by (used in) investing activities	1,483	1,211	14,800
Cash flows from financing activities:			
Increase or decrease in short-term bank loans, net	3,800	(445)	37,928
Proceeds from issuance of long-term debt	2,500	1,400	24,953
Payments of long-term debt	(10,927)	(6,062)	(109,066)
Cash dividends paid	(1,641)	(703)	(16,384)
Interest expense paid	(1,607)	(1,524)	(16,037)
Other, net	(1)	(3)	(5)
Net cash used in financing activities	(7,876)	(7,337)	(78,611)
Effect of exchange rate changes on cash and cash equivalents	(297)	76	(2,968)
Net increase or decrease in cash and cash equivalents	(626)	(5)	(6,249)
Cash and cash equivalents at beginning of year	36,821	36,826	367,509
Cash and cash equivalents of new consolidated subsidiaries at beginning of year	473	—	4,725
Cash and cash equivalents at end of year	¥ 36,668	¥ 36,821	\$ 365,985