

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
March 31, 2004 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and bank deposits (Notes 8 and 13)	¥ 21,143	¥ 24,384	\$ 227,060
Short-term securities (Notes 4 and 13)	6,879	10,375	96,610
Notes and accounts receivable (Notes 8 and 12)-			
Trade	87,213	93,093	866,868
Unconsolidated subsidiaries and affiliates	631	637	5,932
	<u>87,844</u>	<u>93,730</u>	<u>872,800</u>
Allowance for doubtful accounts	( 1,372 )	( 1,747 )	( 16,268 )
	<u>86,472</u>	<u>91,983</u>	<u>856,532</u>
Inventories (Notes 3 and 8)	10,870	10,837	100,913
Deferred income taxes (Note 10)	1,606	747	6,956
Other	2,669	2,189	20,384
Total current assets	<u>129,639</u>	<u>140,515</u>	<u>1,308,455</u>
<b>Investments and long-term accounts receivable:</b>			
Investments in securities (Notes 4 and 8)	5,526	6,182	57,566
Investments in and advances to-			
Unconsolidated subsidiaries and affiliates (Note 5)	2,047	2,261	21,054
Other	149	117	1,089
Long-term accounts receivable	3,080	2,526	23,522
Allowance for doubtful accounts	( 3,623 )	( 3,188 )	( 29,686 )
	<u>7,179</u>	<u>7,898</u>	<u>73,545</u>
<b>Property and equipment: (Note 8)</b>			
Buildings and structures	14,995	12,723	118,475
Machinery and equipment	2,242	2,262	21,063
	<u>17,237</u>	<u>14,985</u>	<u>139,538</u>
Accumulated depreciation	( 10,810 )	( 8,563 )	( 79,737 )
	<u>6,427</u>	<u>6,422</u>	<u>59,801</u>
Land	11,266	10,985	102,291
Construction in progress	850	-	-
	<u>18,543</u>	<u>17,407</u>	<u>162,092</u>
Deferred income taxes (Note 10)	2,067	354	3,296
Other assets (Note 8)	3,960	2,962	27,582
<b>Deferred assets:</b>			
Bond-issuing expense	11	-	-
	<u>¥ 161,399</u>	<u>¥ 169,136</u>	<u>\$ 1,574,970</u>

The accompanying notes are an integral part of these statements.

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March 31, 2004 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term bank loans (Note 8)	¥ 12,715	¥ 7,284	\$ 67,827
Current portion of long-term debt (Note 8)	4,586	7,836	72,968
Notes and accounts payable-			
Trade	100,262	113,149	1,053,627
Unconsolidated subsidiaries and affiliates	65	7	65
	<u>100,327</u>	<u>113,156</u>	<u>1,053,692</u>
Accrued employees' bonus	1,262	1,506	14,024
Accrued expenses	1,665	1,826	17,003
Accrued income taxes (Note 10)	179	332	3,092
Other	1,629	1,721	16,026
Total current liabilities	<u>122,363</u>	<u>133,661</u>	<u>1,244,632</u>
<b>Long-term liabilities:</b>			
Long-term debt (Note 8)	20,839	14,632	14,632
Accrued retirement benefits for directors and corporate auditors	280	619	619
Accrued retirement benefits for employees (Note 9)	2,038	795	795
Deferred income taxes (Note 10)	0	1	1
Other	630	649	649
Total long term liabilities	<u>23,787</u>	<u>16,696</u>	<u>16,696</u>
<b>Commitments and contingent liabilities (Notes 7 and 11)</b>			
<b>Minority interests in consolidated subsidiaries</b>			
	212	129	1,201
<b>Shareholders' equity:</b>			
Common stock	7,909	7,909	73,647
Authorized - 200,000,000 shares			
Issued and outstanding			
- 93,840,310 shares at March 31, 2004 and 2005			
Additional paid-in capital	6,082	6,082	56,635
Retained earnings	1,876	4,767	44,390
Net unrealized holding gains on other securities	757	1,143	10,643
Foreign currency translation adjustments	( 1,584 )	( 1,244 )	( 11,584 )
Less : Treasury common stock, at cost			
- 18,750 shares at March 31, 2004			
and 28,916 shares at March 31, 2005	( 3 )	( 7 )	( 65 )
Total shareholders' equity	<u>15,037</u>	<u>18,650</u>	<u>173,666</u>
	<u>¥ 161,399</u>	<u>¥ 169,136</u>	<u>\$ 1,574,970</u>

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YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
For the years ended March 31, 2004 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
Net sales (Notes 15 and 17)	¥ 273,902	¥ 308,349	\$ 2,871,301
Cost of sales (Note 15)	<u>242,188</u>	<u>273,845</u>	<u>2,550,005</u>
Gross profit	31,714	34,504	321,296
Selling, general and administrative expenses (Notes 7, 9 and 15)	<u>28,309</u>	<u>28,113</u>	<u>261,784</u>
Operating income	3,405	6,391	59,512
Other income (expenses):			
Interest and dividends income	1,000	1,000	9,312
Interest expense	( 1,438 )	( 1,432 )	( 13,335 )
Compensation received relating to transfer of a bussiness right	107	153	1,426
Gain on sale of property and equipment	461	94	875
Loss on sale and disposal of property and equipment	( 138 )	( 228 )	( 2,123 )
Impairment loss of fixed assets	( 741 )	-	-
Gain on sale of investments in securities	70	26	242
Gain on return of the substitutional portion of pension plan	-	894	8,325
Special severance payments for employee's early retirement plan	( 182 )	-	-
Loss on devaluation of real estate for sale	( 590 )	-	-
Loss on devaluation of club(golf) membership	( 16 )	-	-
Loss on closing lines of business (Note 14)	( 4,318 )	-	-
Prior years' retirement benefits for directors and corporate auditors	-	( 278 )	( 2,589 )
Loss on sale of realty business (Note 16)	-	( 1,128 )	( 10,504 )
Other, net	<u>150</u>	<u>123</u>	<u>1,145</u>
Income(loss) before income taxes and minority interests	( 2,230 )	5,615	52,286
Income taxes (Note 10)			
Current	210	272	2,533
Deferred	<u>( 1,350 )</u>	<u>2,310</u>	<u>21,510</u>
	( 1,140 )	2,582	24,043
Minority interests in earnings of consolidated subsidiaries	29	23	214
Net income(loss)	<u>¥ ( 1,119 )</u>	<u>¥ 3,010</u>	<u>\$ 28,029</u>
		Yen	U.S. Dollars (Note 1)
Net income(loss) per share (basic) (Note 2(19))	¥ ( 11.93 )	¥ 31.02	\$ 0.289
Cash dividends per share (Note 2(19))	2.50	6.00	0.056
Weighted average number of shares outstanding during the current fiscal year (unit: thousands shares)	93,823	93,816	

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YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended March 31, 2004 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2005	2005
<b>Cash flows from operating activities:</b>			
Income(loss) before income taxes and minority interests	¥ ( 2,230 )	¥ 5,615	\$ 52,286
Adjustments for:			
Depreciation and amortization	804	752	7,003
Impairment loss of fixed assets	741	-	-
Increase(decrease) in allowance for doubtful accounts	739	( 61 )	( 568 )
Increase(decrease) in accrued bonus and retirement benefits	1,375	( 661 )	( 6,155 )
Dividends and interest income	( 1,000 )	( 1,000 )	( 9,312 )
Interest expense	1,438	1,432	13,335
Foreign currency loss(gain)	( 1 )	6	56
Gain on sale of investments in securities, net	( 69 )	( 26 )	( 242 )
Loss on sale of realty business	-	1,128	10,504
Loss on devaluation of club(golf) membership	16	-	-
Loss on devaluation of real estate for sales	590	-	-
Loss on devaluation of investments in affiliates	76	-	-
Loss on closing lines of business	4,318	-	-
Loss on disposal of property and equipment	22	145	1,350
Gain on sale of property and equipment	( 345 )	( 11 )	( 102 )
Changes in assets and liabilities:			
Increase in trade receivables	( 5,669 )	( 5,560 )	( 51,774 )
Decrease in inventories	504	78	726
Increase in trade payables	11,777	12,804	119,228
Other, net	( 455 )	790	7,356
Sub total	12,631	15,431	143,691
Income taxes refunded(paid)	( 804 )	266	2,477
Net cash provided by operating activities	11,827	15,697	146,168
<b>Cash flows from investing activities:</b>			
Payments for time deposits	( 95 )	( 154 )	( 1,434 )
Proceeds from withdrawal of time deposits	83	135	1,257
Payments for acquisition of short-term securities	( 1,749 )	-	-
Proceeds from sales of short-term securities	2,064	580	5,401
Payments for acquisition of investments in securities	( 117 )	( 1,120 )	( 10,429 )
Proceeds from sales of investments in securities	170	184	1,713
Payments for acquisition of property and equipment	( 1,026 )	( 877 )	( 8,167 )
Proceeds from sales of property and equipment	666	463	4,311
Payments for closing a line of business (Note 14)	( 1,692 )	-	-
Dividends and interest income received	997	983	9,154
Other, net	463	1,423	13,251
Net cash provided by (used in) investing activities	( 236 )	1,617	15,057
<b>Cash flows from financing activities:</b>			
Decrease in short-term bank loans, net	( 4,435 )	( 5,443 )	( 50,684 )
Proceeds from issuance of long-term debt	3,250	2,750	25,608
Payments of long-term debt	( 3,297 )	( 5,707 )	( 53,143 )
Cash dividends paid	( 235 )	( 235 )	( 2,188 )
Interest expense paid	( 1,430 )	( 1,433 )	( 13,344 )
Other, net	( 3 )	( 5 )	( 47 )
Net cash used in financing activities	( 6,150 )	( 10,073 )	( 93,798 )
Effect of exchange rate change on cash and cash equivalents	( 62 )	34	317
Net increase in cash and cash equivalents	5,379	7,275	67,744
Cash and cash equivalents at beginning of year	21,989	27,368	254,847
Cash and cash equivalents			
of newly consolidated subsidiaries at beginning of year	-	21	195
Cash and cash equivalents at end of year (Note 13)	¥ 27,368	¥ 34,664	322,786

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