

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
March 31, 2003 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2004	2004
<b>ASSETS</b>			
Current assets:			
Cash and bank deposits (Notes 8 and 13)	¥ 20,944	¥ 21,143	\$ 200,047
Short-term securities (Notes 4)	1,993	6,879	65,087
Notes and accounts receivable: (Note 8 and 12)			
Trade	81,819	87,213	825,177
Unconsolidated subsidiaries and affiliates	154	631	5,970
	<u>81,973</u>	<u>87,844</u>	<u>831,147</u>
Allowance for doubtful accounts	( 1,373 )	( 1,372 )	( 12,981 )
	<u>80,600</u>	<u>86,472</u>	<u>818,166</u>
Inventories (Notes 3 and 8)	12,318	10,870	102,848
Deferred income taxes (Note 10)	1,369	1,606	15,196
Other	1,489	2,669	25,253
Total current assets	<u>118,713</u>	<u>129,639</u>	<u>1,226,597</u>
Investments and long-term accounts receivable:			
Investments in securities (Notes 4 and 8)	3,723	5,526	52,285
Investments in and advances to:			
Unconsolidated subsidiaries and affiliates (Note 5)	2,079	2,047	19,368
Other	437	149	1,410
Long-term accounts receivable	2,606	3,080	29,142
Allowance for doubtful accounts	( 2,481 )	( 3,623 )	( 34,280 )
	<u>6,364</u>	<u>7,179</u>	<u>67,925</u>
Property and equipment: (Note 8)			
Buildings and structures	16,695	14,995	141,877
Machinery and equipment	2,605	2,242	21,213
	<u>19,300</u>	<u>17,237</u>	<u>163,090</u>
Accumulated depreciation	( 10,631 )	( 10,810 )	( 102,280 )
	<u>8,669</u>	<u>6,427</u>	<u>60,810</u>
Land	11,478	11,266	106,595
Golf course	3,253	-	-
Construction in progress	-	850	8,042
	<u>23,400</u>	<u>18,543</u>	<u>175,447</u>
Deferred income taxes (Note 10)	1,772	2,067	19,557
Other assets (Note 8)	4,914	3,960	37,468
Deferred assets:			
Bond-issuing expense	41	11	104
	<u>¥ 155,204</u>	<u>¥ 161,399</u>	<u>\$ 1,527,098</u>

The accompanying notes are an integral part of these statements.

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
March 31, 2003 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2004	2004
<b>LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term bank loans (Note 8)	¥ 17,447	¥ 12,715	\$ 120,305
Current portion of long-term debt (Note 8)	3,064	4,586	43,391
Notes and accounts payable:			
Trade	88,767	100,262	948,642
Unconsolidated subsidiaries and affiliates	85	65	615
	<u>88,852</u>	<u>100,327</u>	<u>949,257</u>
Accrued employees' bonus	989	1,262	11,940
Accrued expenses	1,435	1,665	15,754
Accrued income taxes (Note 10)	351	179	1,694
Other	1,053	1,629	15,413
<b>Total current liabilities</b>	<u>113,191</u>	<u>122,363</u>	<u>1,157,754</u>
<b>Long-term liabilities:</b>			
Long-term debt (Note 8)	22,407	20,839	197,171
Accrued retirement benefits for directors and corporate auditors	341	280	2,649
Accrued retirement benefits for employees (Note 9)	877	2,038	19,283
Deferred income taxes (Note 10)	35	-	-
Other	2,510	630	5,961
<b>Total long term liabilities</b>	<u>26,170</u>	<u>23,787</u>	<u>225,064</u>
<b>Commitments and contingent liabilities (Notes 7 and 11)</b>			
<b>Minority interests in consolidated subsidiaries</b>	194	212	2,006
<b>Shareholders' equity:</b>	7,909	7,909	74,832
Common stock			
Authorized - 200,000,000 shares			
Issued and outstanding: - 93,840,310 shares at March 31, 2003 and 2004			
Additional paid-in capital	6,082	6,082	57,545
Retained earnings	3,230	1,876	17,750
Net unrealized holding gains(losses) on other securities	( 347 )	757	7,162
Foreign currency translation adjustments	( 1,223 )	( 1,584 )	( 14,987 )
Less : Treasury common stock, at cost :			
- 14,390 shares at march 31, 2003 and 18,750 shares at march 31, 2004	( 2 )	( 3 )	( 28 )
<b>Total shareholders' equity</b>	<u>15,649</u>	<u>15,037</u>	<u>142,274</u>
	<u>¥ 155,204</u>	<u>¥ 161,399</u>	<u>\$ 1,527,098</u>

The accompanying notes are an integral part of these statements.

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
For the years ended March 31, 2003 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2004	2004
Net sales (Notes 15 and 17)	¥ 246,107	¥ 273,902	\$ 2,591,560
Cost of sales (Note 15)	217,074	242,188	2,291,494
Gross profit	29,033	31,714	300,066
Selling, general and administrative expenses (Notes 7 and 9)	27,647	28,309	267,849
Operating income	1,386	3,405	32,217
Other income (expenses):			
Interest and dividends income	937	1,000	9,462
Interest expense	( 1,383 )	( 1,438 )	( 13,606 )
Gain on sale of property and equipment	6	461	4,362
Loss on sale and disposal of property and equipment	( 15 )	( 138 )	( 1,306 )
Impairment loss of fixed assets	-	( 741 )	( 7,011 )
Gain on sale of investments in securities	116	70	662
Loss on devaluation of investments in securities	( 93 )	-	-
Prior service benefit from changes to employees' retirement benefit plan	559	-	-
Special severance payments for employee's early retirement plan	( 161 )	( 182 )	( 1,722 )
Loss on devaluation of real estate for sale	-	( 590 )	( 5,582 )
Loss on devaluation of club(golf) membership	( 4 )	( 16 )	( 151 )
Loss on closing of business	-	( 4,318 )	( 40,855 )
Other, net	191	257	2,431
Income(Loss) before income taxes and minority interests	1,539	( 2,230 )	( 21,099 )
Income taxes (Note 10)			
Current	786	210	1,987
Deferred	296	( 1,350 )	( 12,773 )
	1,082	( 1,140 )	( 10,786 )
Minority interests in earnings of consolidated subsidiaries	29	29	275
Net income(loss)	¥ 428	¥ ( 1,119 )	\$ ( 10,588 )
		Yen	U.S. Dollars (Note 1)
Net income(loss) per share (basic) (Note 2(19))	¥ 4.56	¥ ( 11.93 )	\$ ( 0.113 )
Cash dividends per share (Note 2(19))	2.50	2.50	0.024
Weighted average number of shares outstanding during the current fiscal year (unit: thousands shares)	93,831	93,823	

The accompanying notes are an integral part of these statements.

YAMAZEN CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended March 31, 2003 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2004	2004
<b>Cash flows from operating activities:</b>			
Income(Loss) before income taxes and minority interests	¥ 1,539	¥ ( 2,230 )	\$ ( 21,099 )
Adjustments for:			
Depreciation and amortization	892	804	7,607
Impairment loss of fixed assets		741	7,011
Increase(Decrease) in allowance for doubtful accounts	( 2 )	739	6,992
Increase in allowance for others	109	1,375	13,010
Dividends and interest income	( 937 )	( 1,000 )	( 9,462 )
Interest expense	1,383	1,438	13,606
Foreign currency gain	( 22 )	( 1 )	( 9 )
Gain on sale of investments in securities, net	( 116 )	( 69 )	( 653 )
Loss on devaluation of investments in securities	93	-	-
Loss on devaluation of club(golf) membership	4	16	151
Loss on devaluation of real estate for sales	-	590	5,582
Loss on devaluation of investments in affiliates	-	76	719
Loss on closing of business	-	4,318	40,855
Loss on disposal of property and equipment	6	22	208
Loss(Gain) on sale of property and equipment	3	( 345 )	( 3,264 )
Special severance payments for employee's early retirement plan	161	182	1,722
Change in assets and liabilities net:			
Increase in trade receivables	( 1,339 )	( 5,669 )	( 53,638 )
Decrease in inventories	1,362	504	4,769
Increase in trade payables	2,288	11,777	111,430
Other, net	( 88 )	( 440 )	( 4,163 )
Sub total	5,336	12,828	121,374
Income taxes paid	( 1,031 )	( 804 )	( 7,607 )
Payment for special severance under early retirement plan	( 132 )	( 197 )	( 1,864 )
Net cash provided by operating activities	4,173	11,827	111,903
<b>Cash flows from investing activities:</b>			
Payments for time deposits	( 55 )	( 95 )	( 899 )
Proceeds from withdrawal of time deposits	63	83	785
Payments for acquisition of short-term securities	( 5,808 )	( 1,749 )	( 16,548 )
Proceeds from sale of short-term securities	6,949	2,064	19,529
Payments for acquisition of investments in securities	( 1,279 )	( 117 )	( 1,107 )
Proceeds from sale of investments in securities	381	170	1,609
Payments for acquisition of property and equipment	( 334 )	( 1,026 )	( 9,708 )
Proceeds from sale of property and equipment	21	666	6,301
Payments for closing of business (Note 14)	-	( 1,692 )	( 16,009 )
Dividends and interest income received	937	997	9,433
Other, net	553	463	4,381
Net cash provided by (used in) investing activities	1,428	( 236 )	( 2,233 )
<b>Cash flows from financing activities:</b>			
Increase(Decrease) in short-term bank loans, net	2,608	( 4,435 )	( 41,962 )
Proceeds from issuance of long-term debt	16,722	3,250	30,750
Payments of long-term debt	( 18,795 )	( 3,297 )	( 31,195 )
Cash dividends paid	( 237 )	( 234 )	( 2,214 )
Interest expense paid	( 1,499 )	( 1,430 )	( 13,530 )
Other, net	( 2 )	( 4 )	( 38 )
Net cash used in financing activities	( 1,203 )	( 6,150 )	( 58,189 )
Effect of exchange rate change on cash and cash equivalents	( 40 )	( 62 )	( 587 )
Net increase in cash and cash equivalents	4,358	5,379	50,894
Cash and cash equivalents at beginning of year	17,631	21,989	208,052
Cash and cash equivalents at end of year (Note 13)	¥ 21,989	¥ 27,368	258,946

The accompanying notes are an integral part of these statements.