

## Annual Report 2005

For fiscal year 2004 ended March 31, 2005



## Corporate Profile (2005)

Corporate name	BSL CORPORATION
Address	10-24, Akasaka 8-chome, Minato-ku, Tokyo, Japan
Foundation	1868
Establishment	1918
Paid-in Capital	6,259,890,000 Yen (as of March 31, 2005)
Public Listing	2nd Section of TSE, OSE and NSE. Listed in 1949, Section: 3113
Lead Manager	Dai-Ita Securities SMBC
Auditors	Nihombashi Corporation (Certified Public Accountant)
Banks	Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi, Mitsubishi Corporate Bank, Ltd.

## Members of the Board / Officers / Auditors (As of June 29, 2005)

Member of the Board, Representative Director and CEO	Hiroshi Takei
Member of the Board, Executive Vice President	Jun Kameda
Member of the Board, Head of the Investment Division	Kiyoshi Cho
Member of the Board, Head of the Control Division	Masataka Muro
Member of the Board, General Manager, Corporate Strategy	Kaoru Tanaka
Representative Director, Chairman and President of Dyflex Holdings	Keiichi Miura
Statutory Auditor	Hidetaka Takahashi
Auditor, Attorney-at-law	Yoshika Nagano
Auditor, Attorney-at-law	Makoto Sakai
Auditor	Tomoko Oeki
Auditor	Motoko Hirose
Managing Director	Koichi Shinada
Managing Director, Corporate Strategy	Shichiro Harori
Managing Director	Hideo Sakai
Managing Director	Toshiki Umea

## Shareholders Information

Fiscal Year - end	March 31
Annual Shareholders' General Meeting	June
Reference dates	1. Peraining to the Annual Shareholders' General Meeting March 31 2. Peraining to dividend payment Declared on profit March 31, Interim dividend September 30 3. Other data will be disclosed in the going public notice
Newspaper carrying Public notice	Nihon Keizai Shinbun
Transfer agent	The Chuo-Mitsui Trust and Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo
Main transfer office	The Chuo-Mitsui Trust and Banking Co., Ltd. Stock Transfer Agency Dept. 8-4, Isumi 2-chome, Suginami-ku, Tokyo Phone: 81-3-3323-7111
Other relevant offices	The Chuo-Mitsui Trust and Banking Co., Ltd. Branches nationwide Japan Securities Agency Ltd. Head office and all branches nationwide
One trading unit (lot)	1,000 shares

To shareholders who have a holding of less than one trading unit (1,000 shares): Shareholders who have a holding of less than one trading unit can apply to the company either to purchase additional shares to make up one trading unit, or sell the holding of less than one trading unit to the Company. For details, please refer to the Stock Transfer Agency Dept. of the Chuo-Mitsui Trust and Banking Co., Ltd. When filing the central securities depository statement, please contact the local securities company.

For information and documents relating to the formalities, please see the following website: [ch-omi.co.jp/person/p\\_06.html](http://ch-omi.co.jp/person/p_06.html)  
Or Balance Sheet and Statement of Income are posted on the following website: [bsl-co.com/j/keisan/index.html](http://bsl-co.com/j/keisan/index.html)



BSL CORPORATION

Head Office  
General Administration  
Investment Banking Business Division  
Website

Sumitomo Fudosan Akasaka Bldg. 6F, 10-24, Akasaka 8-chome, Minato-ku, Tokyo 107-0052, Japan  
Tel 81-3-5412-7474 Fax 81-3-5412-8282  
81-3-5412-7700 Fax 81-3-5412-8811  
[bsl-co.com](http://bsl-co.com)

## Aiming to expand our investment operations

## BSL's Investment Models

Welcome to our Annual Report for Fiscal Year 2004 (April 2004 to March 2005).

In FY 2004, the Japanese economy showed signs of recovery. Led by improvements in corporate profits, higher capital spending, and consumer spending. However, recovery was limited due to the influence of a sharp rise in oil prices.

On the other hand, the Japanese equity market showed a decline of 10,500 yen range in the Nikkei Stock Average, but the IPO market continued to be active.

Within hidden ironmen, BSL Corporation, worked along our fundamental policy of expanding operations and enhancing our profitability to increase corporate value and conduct add-on-investment and hands-on management.

For our add-on investment activities, we consolidated Coburn Japan Corporation in June 2004, Jorak Shoko Corporation in September, and DLfile Holding Co., Ltd. in December. DLfile Holding Co., Ltd. also consolidated through a share exchange.

In increasing corporate value of our portfolio companies, we continued to be active in the form of business plans, and financial strategies. Management reform and also conducted promotional activities and financial performance.

Companies consolidated within the fiscal year have started showing results, contributing to our annual performance. However, the delay of scheduled public offerings below original projections.

In the last four years in investment operations, we have added numerous companies in a wide range of business sectors. However, the required amount of time for business reform to produce results, and in efficiency number of portfolio companies have impacted returns.

Nevertheless, business strategies implemented over the past 4 years will bear producing results in fiscal year 2005, and the groundwork for producing stable returns are being laid.

In addition, our quality of work responds and participates in large scaled investment to provide for further increase in investment activities.

Furthermore, we intend to actively provide equity participation in investment (EPI) similar to the method utilized for KLoSha Co., Ltd. in March 2005.

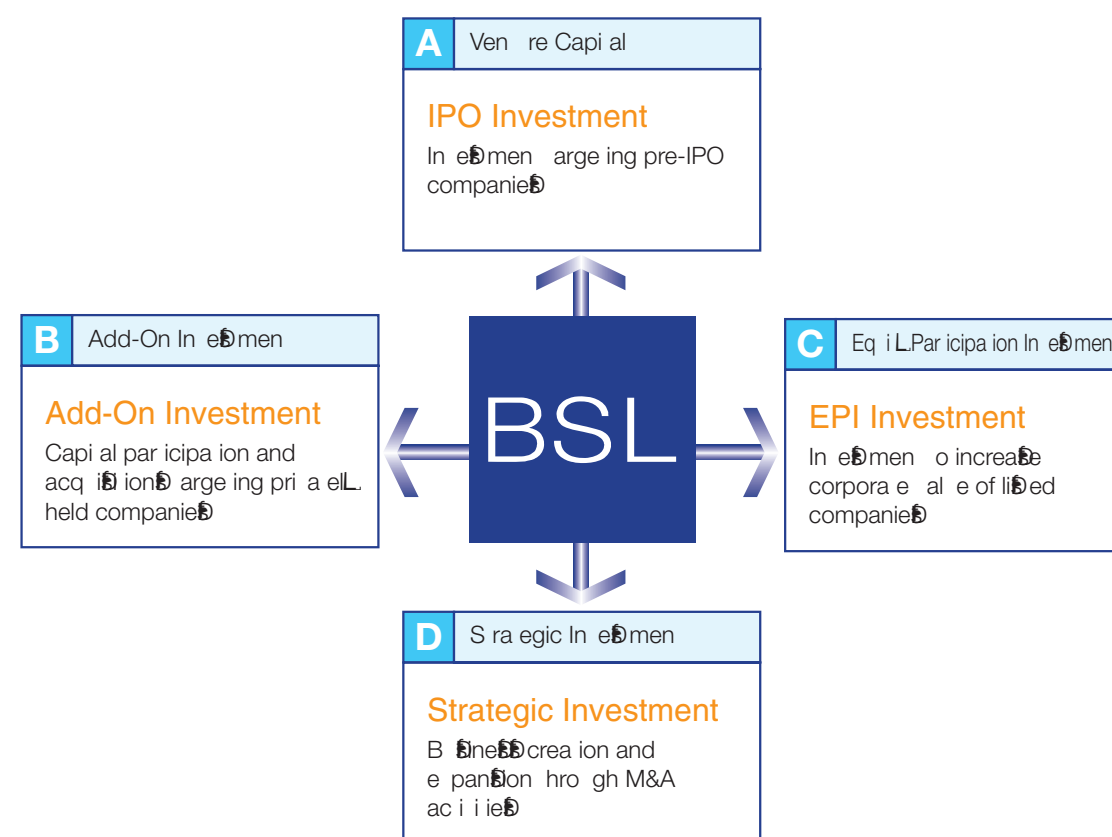
We will respond to the demands of shareholders to enhance BSL's increasing both in investment returns and increasing profits of subsidiaries and affiliates. This will be realized by implementing our business plan for FY 2005 which includes a large increase in investment.

As a driver of increase value for our shareholders, we are grateful for your ongoing support and encouragement.

June 2005

### Hiroyasu Takei

Representative Director & CEO



### Pre-IPO Investment

In our pre-IPO investment activities, our aim is to obtain capital participation opportunities through the following: active proposals applying our know-how and network to assist companies in realizing a successful IPO in areas such as capital policy formulation, IPO scheme development, and the establishment of a support structure.

### Add-On Investment

Add-on investments are investments for subsidiaries and affiliate companies and large high performing medium-sized enterprises. We provide hands-on management to enhance performance for these companies, resulting in the contribution to our consolidated performance.

### Equity Participation Investment

Our goal in equity participation investment (EPI), which is to invest in listed companies, is to increase corporate value of large companies by participating in the form of business plans. Equity participation investment is an area which BSL will focus on.

### Strategic Investment

In strategic investment, we aim to enhance corporate value of large companies by being directly involved in the business strategy formulation process. The difference between strategic investment and equity participation investment is that we will have management control and will be more active in driving restructuring plans. As in the case of equity participation investment, our fundamental policy is to work and cooperate with the management team, and implement measures that have been agreed upon.

# Affiliates and Investee Companies

ADIRON Corporation

<http://www.adiron.co.jp>

Ajioka Co., Ltd.

<http://www.ajioka.co.jp>

# Affiliates and Investee Companies

## Coburn Japan Corporation

http://www.coburn.co.jp/



Consolidated in the forefront of the industry, Coburn Japan Corporation works in the U.S., and operates manufacturing facilities in Hong Kong, Taiwan, and other parts of the world to import and market hologram film (photo-mechanical 3D images), plastic film, leniclar products (3D images seen through a compound lens), and other items.

Coburn Japan has gained approximately 70% of the domestic market for hologram film, which is used in a wide variety of fields, including security and advertising, and in numerous products, including a toner-less printer and more. More specifically, uses for hologram film include anti-counterfeiting labels on credit cards, Y-globe game cards, which have become wildly popular in recent years, and wrapping material for products sold at Tokyo Disneyland.

Coburn Japan has also entered into alliances with ADB-TTV Technologies, an affiliate of a major Belgian stage-lighting equipment manufacturer, and Roisco, a US manufacturer of stage-lighting equipment and Academy Award recipient, to supply the world's most advanced stage-lighting equipment, smoke machines, lighting filters, and accessories to large theaters (National Theater Tokyo), theme parks (Tokyo DisneySea, Universal Studios Japan) and TV studios. Coburn Japan has earned an excellent reputation for its work in this field, as well.

## Biosensors International Group, Ltd.

http://www.biosensorsintl.com  
(listed on the Singapore Stock Exchange)

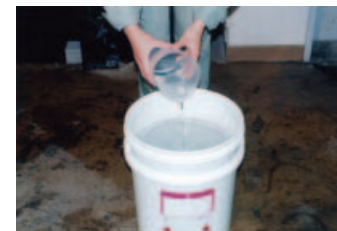


Biosensors International Group, Ltd., a holding company of Biosensors Group, develops, manufactures, and sells medical devices including catheters for use in treating heart disease.

Biosensors International has developed innovative technology for applying immunoassay sensors, which are used in catheters. In March 2003, Biosensors International licensed its patented technology and provided clinical testing data to GlaxoSmithKline, a major US medical equipment manufacturer. In October of the same year, it concluded an agreement with Terumo Corporation of Japan to exclusively (in Japan) perform clinical trials, gain a hospital license, and market the new product. It also developed a new immunoassay sensor developed by Biosensors International. Biosensors International has listed its shares on the Singapore Stock Exchange in May 2005.

## Dyflex Holdings Co., Ltd.

http://www.dyflex.co.jp/



As a top maker of waterproof building materials, Dyflex applied advanced technology and construction to develop high-quality, high-precision waterproofing in response to the diverse needs of modern structures.

The DDFlex, a result of Dyflex's innovation in roof development, has earned a strong reputation and become highly relied upon. And Dyflex's "Balance-lock Flex" and quick spray Flex, which use the ultra-rapid-drying urethane SP-100, have dramatically expanded the waterproofing area.

Dyflex's long-term 30-year warranty Flex, which includes insurance, and its ironment-friendly Val-eVD Flex respond to one-generation market requirements, and its waterproofing materials and accessories have become a standard for agents and ironment-friendly and have met the strong market approval.

Dyflex has succeeded in developing the application of its products in civil engineering such as long-life, high-functional infrastructure (parking lots, waterproofing for underground storage tanks, etc.) and in lining in all-ion work.

Dyflex's technology helped to protect the ironment by lowering the ironment albedo of structures Dyflex, looking ahead to the arrival of a time when people will think of the earth as a single ironment and work even harder to restore it, has taken the lead in developing new materials and application techniques and, with its durability and flexibility, will continue to provide the ideas of a brighter future.

## Kyosha Co., Ltd.

http://www.kyosha.co.jp/ (NASDAQ 6837)



Kyosha, which manufactures and sells printed wiring boards (PWB), is expanding its business of making single-sided boards, in which it already holds the top world market share (12%), and aiming to gain a 20% market share over the short term.

In aggregate, responding to the development in both manufacturing and sales, and, in the wake of structural changes in distribution over the past several years, has enhanced its operations in China and Indonesia. Responding to growing automobile production in China and other parts of Asia, Kyosha has expanded its sales of PWB for automobiles and, through initiatives such as business development in the cutting-edge field of multi-layer PWB, is aiming to secure new income sources in related fields.

## BSL Insurance Corporation

http://www.bsl-ins.com/



BSL Insurance Corporation is an insurance agency established through joint investments in four non-life insurers (Aioi Insurance Co., Ltd., Nipponkoa Insurance Co., Ltd., The Kloe Fire & Marine Insurance Co., Ltd., and The Abahi Fire & Marine Insurance Co., Ltd.). BSL Insurance aims to become a major player in the industry by developing diversified insurance services offering real estate management, total risk management, and pension and social welfare services in addition to life and non-life insurance.

## Summit Design Technologies, Inc. (USA)

http://www.sd.com/



Summit Design products support all processes from architectural design to detailed design of advanced, complete electronic circuits in an integrated environment.

Summit Design (a wholly owned subsidiary of Summit Design Technologies, Inc.) is a pioneer in the area of support software tools for the design of next-generation electronic circuits. Its operations include development, sales, maintenance, and design consulting.

Growing demand for digital cameras, cell phones, video cameras, and other types of mobile electronic devices has given rise to a rapid increase in demand for the company's software. Summit Design has established itself as a leading supplier of design support software which sets the standard of performance for the electronic circuit design industry in products such as digital cameras and cell phones.

The company has sales offices in Japan, Europe, and China, as well as the U.S. and in February 2003 established Summit Design Japan, through which it is now aggressively developing sales. Its main customers include global semiconductor manufacturers and integrated home appliance manufacturers like NEC, Motorola, Hitachi, Canon, Fujitsu, Matsushita, ST Microelectronics, L-3 Communications, and Broadcom.



## Kyorei Corporation

http://www.kyorei.co.jp



Kyorei is a food processing company specializing in fish farming, distribution center (frozen and refrigerated food storage) operation and management, the sale of fresh and frozen fish, and the manufacture and sale of seafood products under its own brand. The overriding theme for its operations is safe and freshness.

With more and more attention being focused on food safety, needs for traceability (a demand for knowing where food products have originated) are also on the rise.

Kyorei, adopting traceability as its most important management issue, aims to build a business model in which it will focus on land-based fish farming, rather than the traditional sea-based method, safe raising of salmon, and then distribution of fresh and frozen fish to the market.

At the same time, Kyorei is enhancing and expanding operations to provide consumers with seafood products from Hokkaido.

## Business Performance

Companies consolidated in the first half contributed to second half consolidated results but were not able to record gains on sales of securities due to the delay in scheduled public offerings in the fiscal year 2005.

This resulted in non-consolidated sales of 1,877 million Yen (year-on-year decrease of 53.4%), non-consolidated operating loss of 233 million Yen (compared to 1,112 million Yen in operating income in fiscal 2003), and non-consolidated net income of 219 million Yen (compared to 728 million Yen in fiscal 2003). Consolidated net sales increased to 16,684 million Yen (year-on-year increase of 32.7%), but operating loss increased to 586 million Yen (compared to 1,226 million Yen in operating income in fiscal 2003), and consolidated net loss of 735 million Yen (compared to 523 million Yen in net income in fiscal 2003).

Dividend remained at 2 Yen per share.

Operating loss segment

### (1) Investment Business

BSL acquired all shares of Cob Japan Corporation, Japan's largest producer of special film and lighting equipment as a part of our investment activities. We also acquired DLife Holding Co., Ltd., Japan's leading developer of waterproof technology and large manufacturer of waterproof building materials through a share exchange. However, planned sales of securities could not be carried out due to the delay in scheduled public offerings.

Therefore sales of 929 million Yen, and operating income of 153 million Yen were reported.

### (2) Marine

The seafood market continued its long-term decline. Meat and fish consumption sales of fishermen-related equipment were implemented to counter declining revenues for fishing products but sharp higher oil prices and intensified competition led to higher purchasing costs and falling revenues.

Marine Operations, therefore, reported sales of 950 million Yen and operating loss of 388 million Yen.

### (3) Food Product

The food product segment is composed of Mon-Thabor Co., Ltd., a scratch baker chain, and Jorak Sho Corporation a maker of distilled spirits. Mon-Thabor operated 80 bakeries nationwide.

Operating loss of 505 million Yen was reported and operating loss of 100 million Yen was reported due to the company's profitability decline in non-profitable stores. This completes Mon-Thabor's structural reform.

Jorak Sho is famous for distilled spirits aged in oak barrels and has one of the industry's largest reserves. To respond to declining customer needs, the company has increased production of spirits distilled from sweet potato called Higo-no-Megumi.

As a result of the above, the food product segment reported sales of 6,429 million Yen and operating loss of 526 million Yen.

### (4) Industrial Material

The industrial material segment is composed of DLife Holding Co., Ltd., Japan's leading developer of waterproof technology and large manufacturer of waterproof building materials, and Cob Japan Corporation, Japan's largest producer of special film and lighting equipment. DLife Holding has endeavored to extend the life span of construction ironmen at work, and protect the ironmen by working on development of high-quality and technologically advanced waterproofing application methods. Cob Japan has experienced strong sales of film for construction card and rapping materials.

Both companies have shared contribution to consolidated results in the second half.

As a result, the industrial material segment reported sales of 5,215 million Yen and operating income of 479 million Yen.

### (5) Fashion

ADIRON Corporation, a seller of brand-name bags, has developed and is selling original products under the brand name A.D. Carriere, il Fai Beata, and Jolholic. Taking a direct role in restructuring ADIRON's operations, BSL achieved in the development of original brands, relocation of sales personnel, improved operational efficiency, reduced distribution costs, and achievement of objectives.

As a result, Fashion Operations reported sales of 3,036 million Yen and operating loss of 169 million Yen.

### (6) Other Operations

BSL Insurance Corporation and other companies proposed operational merger. The merger included both BSL portfolio companies and other companies, and has exceeded in increasing sales of new policies. However, a loss in the real estate unit of DLife Holding resulted in an operating loss of 122 million Yen for BSL Insurance.

As a result, Other Operations reported sales of 194 million Yen and operating loss of 149 million Yen.

## Outlook for Fiscal 2005

DLife Holding and Cob Japan, which both became consolidated subsidiaries during fiscal year 2004, are deadweight, improving performance, and will make health contribution to BSL's consolidated performance for fiscal year 2005.

Furthermore, reform to improve business foundation of companies such as Mon-Thabor were completed in fiscal year 2004, and results are expected to appear in fiscal year 2005.

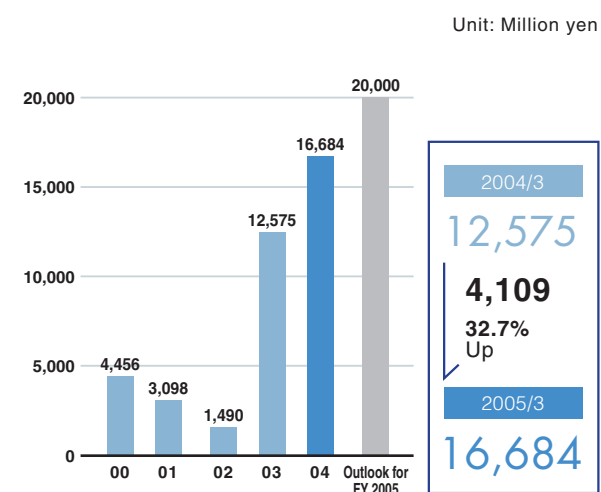
In terms of consolidated performance for fiscal year 2005, we are expecting net sales of 20,000 million Yen, ordinary profit of 2,300 million Yen, and net income of 2,000 million Yen.

The performance outlook includes projections based on information available as of the date of this report. Actual performance may differ due to changes in the economy, equipment market conditions, and various other aspects of the business environment.

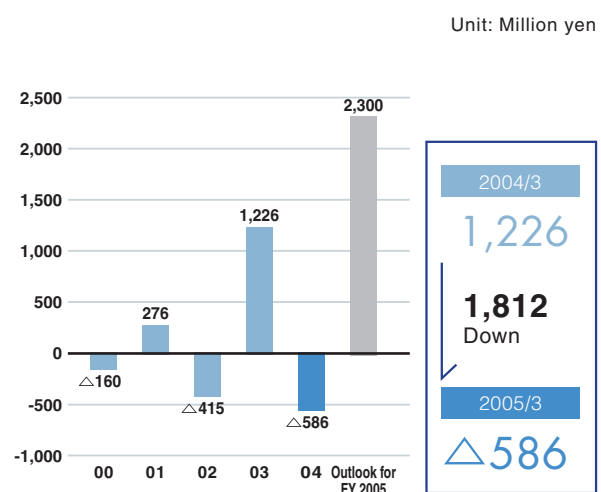
# Financial Data (Consolidated)

# Financial Data (Non-Consolidated)

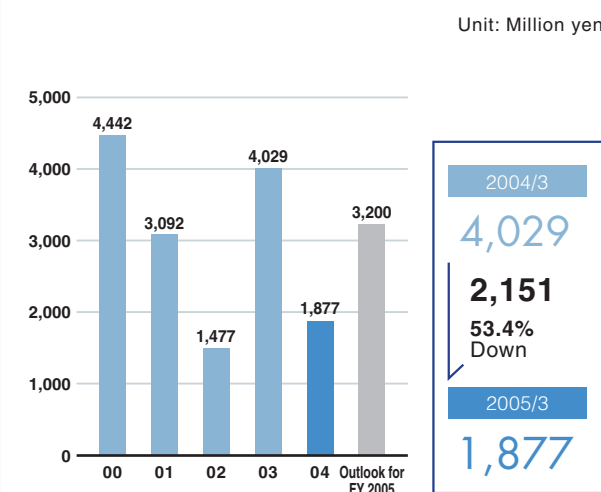
## Net Sales



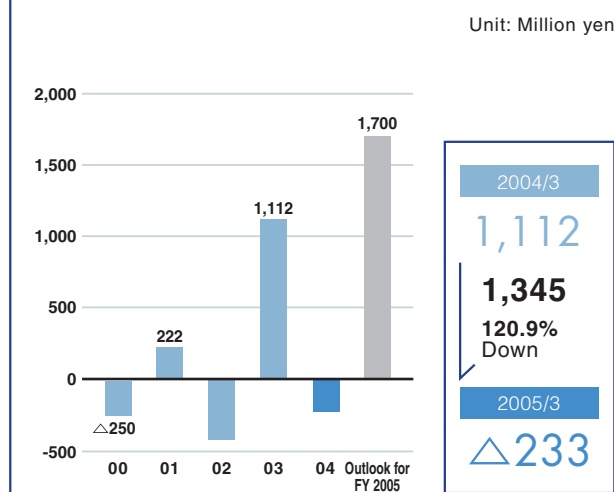
## Operating Income (Loss)



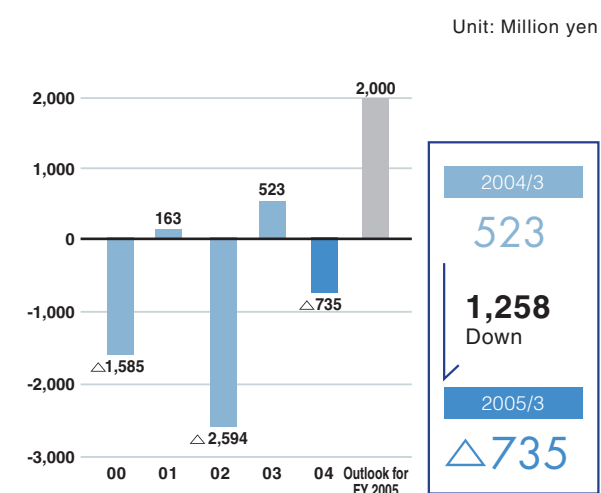
## Net Sales



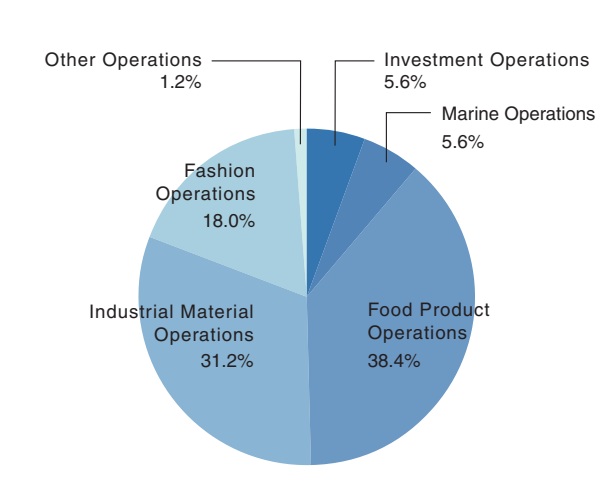
## Operating Income (Loss)



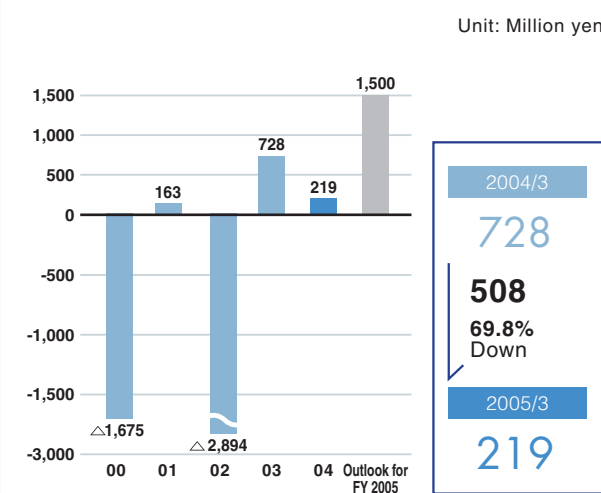
## Net Income (Loss)



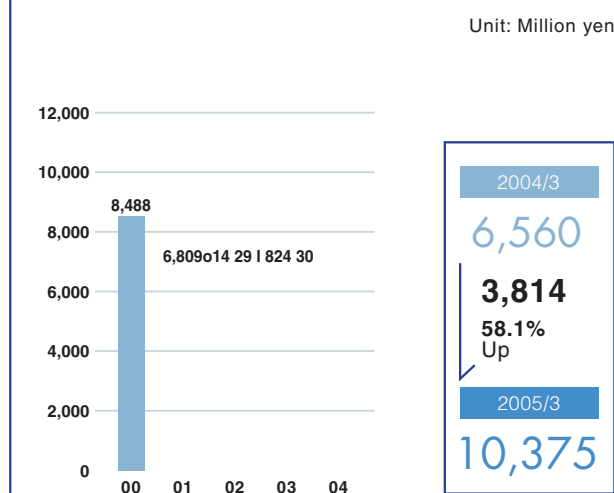
## Sales Breakdown by Type of Operation



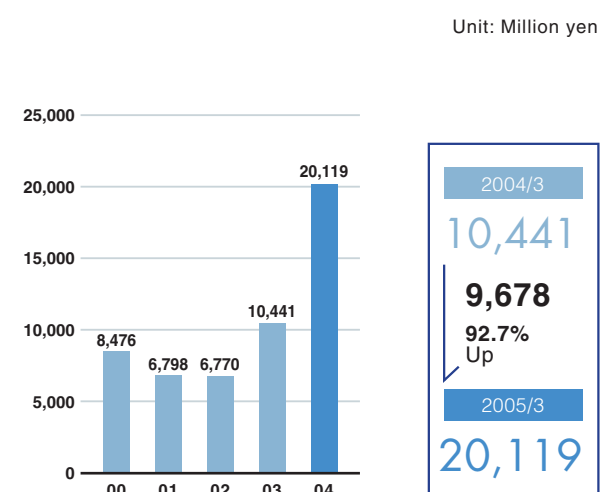
## Net Income (Loss)



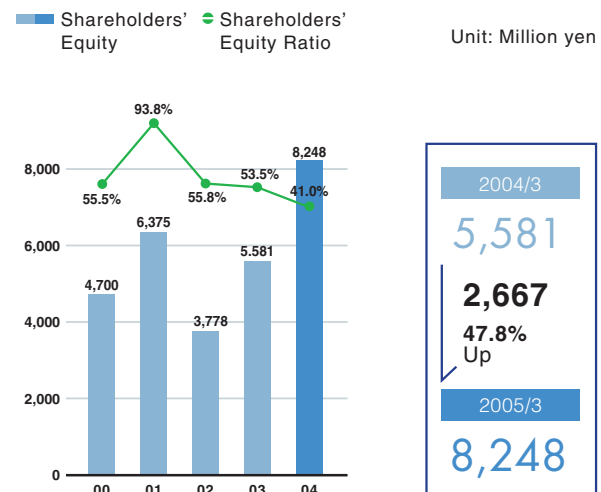
## Total Assets



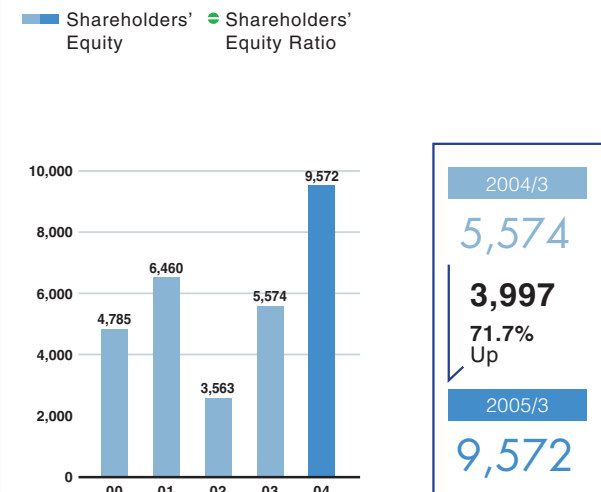
## Total Assets



## Shareholders' Equity/Shareholders' Equity Ratio



## Shareholders' Equity/Shareholders' Equity Ratio



# Financial Statements

## Consolidated Balance Sheets (summary)

BSL CORPORATION and Consolidated Subsidiaries  
As of March 31, 2005 (FY 2005) and 2004 (FY 2003)

Unit: Million of Yen

	FY 2004	FY 2003
<b>Assets</b>		
<b>Current assets</b>	11,477	7,188
Cash and deposits	3,754	2,006
Notes and accounts receivable	4,725	3,805
Inventories	1,558	586
Prepaid expenses	131	49
Short-term loans	539	33
Accounts receivable-other	1,633	1,295
Others	439	63
Allowance for doubtful accounts	△1,304	△651
<b>Fixed assets</b>	8,642	3,252
Tangible fixed assets	2,509	567
Intangible fixed assets	820	74
Investments and other assets	5,312	2,610
<b>Total assets</b>	20,119	10,441

No. of Amounts less than 1 million Yen are omitted

	FY 2004	FY 2003
<b>Liabilities</b>		
<b>Current liabilities</b>	8,341	3,696
Notes and accounts payable	3,867	1,631
Short-term borrowings	2,227	1,357
Current portion of long-term debt	676	99
Others	1,570	608
<b>Fixed liabilities</b>	3,527	1,162
Equity-linked arrangement-bearing bonds	500	—
Convertible bonds	—	340
Long-term debt	1,990	627
Liabilities for retirement benefits	544	142
Others	492	51
<b>Total liabilities</b>	11,868	4,859

### Minority Interests

Minority Interests	3	0
--------------------	---	---

### Shareholders' equity

Capital stock	6,259	4,202
Capital surplus	2,809	652
Retained earnings	△353	736
Unrealized gain on other securities	57	3
Common stock	△524	△13
<b>Total shareholders' equity</b>	8,248	5,581
Total liabilities, minority interests and shareholders' equity	20,119	10,441

### Consolidated Financial Condition

Total assets experienced a year-on-year increase of 9.678 billion, ending the year at 20.119 billion Yen. The primary cause of this increase is the addition of 10 new consolidated subsidiaries. Cash and cash equivalents are 11.734 billion Yen as of the end of the year. The consolidated Statement of Cash Flow (Summary) is on the page opposite.

## Consolidated Statement of Income (summary)

BSL CORPORATION and Consolidated Subsidiaries  
For the Year Ended March 31, 2005 (FY 2004) and 2004 (FY 2003)

Unit: Million of Yen

	FY 2004	FY 2003
<b>Profit and loss</b>		
Net sales	16,684	12,575
Cost of sales	12,165	9,114
Gross profit	4,518	3,460
Selling, general and administrative expenses	5,105	2,234
Operating income (loss)	△586	1,226
Non-operating income	170	59
Non-operating expenses	286	89
Ordinary profit (loss)	△702	1,196
<b>Extraordinary items</b>		
Extraordinary income	253	19
Extraordinary expenses	140	638
Income (loss) before taxes	△589	577
Taxes	50	83
Adjustments for income taxes	96	-
Minority shareholders' equity	△1	△28
Net income (loss)	△735	523

No. of Amounts less than 1 million Yen are omitted

### <Cash flow from operating activities>

The primary factor affecting cash flow from operating activities were an increase in cash received from sales of products and an increase in cash received from collection of accounts receivable. The net cash received from operating activities in the year ended March 31, 2005 was 635 million Yen, an increase of 389 million Yen from the year ended March 31, 2004.

### <Cash flow from investment activities>

The primary factor affecting cash flow from investment activities was the acquisition of the consolidated subsidiary and the opening of new stores. The net cash used for investment activities in the year ended March 31, 2005 was 1,141 million Yen, an increase of 819 million Yen from the year ended March 31, 2004.

### <Cash flow from financing activities>

The primary factor affecting cash flow from financing activities was the issuance of 2,000 million Yen of new bonds and the issuance of 2,587 million Yen of new shares. The net cash used for financing activities in the year ended March 31, 2005 was 2,941 million Yen, an increase of 844 million Yen from the year ended March 31, 2004.

## Consolidated Surplus (summary)

BSL CORPORATION and Consolidated Subsidiaries  
For the Year Ended March 31, 2005 (FY 2004) and 2004 (FY 2003)

Unit: Million of Yen

	FY 2004	FY 2003
<b>Capital surplus</b>		
Capital surplus balance at beginning of year	652	10
Increase in capital surplus	2,157	641
Capital surplus balance at end of year	2,809	652

### Retained earnings

Retained earnings balance at beginning of year	736	△2,831
Increase in retained earnings	—	3,570
Decrease in retained earnings	1,089	1
Retained earnings balance at end of year	△353	736

No. of Amounts less than 1 million Yen are omitted

## Consolidated Statements of Cash Flow (summary)

BSL CORPORATION and Consolidated Subsidiaries  
For the Year Ended March 31, 2005 (FY 2004) and 2004 (FY 2003)

Unit: Million of Yen

	FY 2004	FY 2003
<b>Cash flow from operating activities</b>	△635	△1,025
<b>Cash flow from investing activities</b>	△1,141	△322
<b>Cash flow from financing activities</b>	2,941	2,096
Net increase in cash and cash equivalents	1,164	748
Cash and cash equivalents at beginning of year	1,366	611
Increase in cash and cash equivalents due to change in consolidated scope	—	6
Increase in cash and cash equivalents due to change of shares	569	—
Cash and cash equivalents at end of year	3,101	1,366

No. of Amounts less than 1 million Yen are omitted

## Non-Consolidated Balance Sheets (Summary)

As of March 31, 2005 (FY 2004) and 2004 (FY 2003)

	Unit: Million of Yen	
	FY 2004	FY 2003
<b>Assets</b>		
Current assets	4,449	3,704
Cash and deposits	2,224	1,159
Notes and accounts receivable	1,001	2,298
Inventories	106	109
Others	1,120	165
Allowance for doubtful accounts	△2	△27
Fixed assets	5,925	2,856
Tangible fixed assets	348	281
Intangible fixed assets	11	12
Investments and other assets	5,564	2,562
<b>Total assets</b>	<b>10,375</b>	<b>6,560</b>

Note: Amounts less than 1 million Yen are omitted

	Unit: Million of Yen	
	FY 2004	FY 2003
<b>Liabilities</b>		
Current liabilities	194	922
Accounts payable	111	844
Others	83	77
Fixed liabilities	608	63
Equity-linked arrangements - bearing bonds	500	—
Others	108	63
<b>Total liabilities</b>	<b>802</b>	<b>985</b>
<b>Shareholders' equity</b>		
Capital stock	6,259	4,202
Capital surplus	2,809	652
Retained earnings	593	728
Unrealized gain on other securities, etc.	51	4
Common stock	△142	△13
<b>Total shareholders' equity</b>	<b>9,572</b>	<b>5,574</b>
<b>Total liabilities and shareholders' equity</b>	<b>10,375</b>	<b>6,560</b>

## Non-Consolidated Statement of Income (Summary)

For the Year Ended March 31, 2004 (FY 2003) and 2003 (FY 2002)

	Unit: Million of Yen	
	FY 2004	FY 2003
Net sales	1,877	4,029
Cost of sales	982	2,133
Gross profit	895	1,895
Selling, general and administrative expenses	1,129	783
Operating income (loss)	△233	1,112
Non-operating income	841	31
Non-operating expenses	96	25
Ordinary profit (loss)	510	1,118
Extraordinary income	12	90
Extraordinary expenses	296	473
Income (loss) before taxes	226	734
Taxes	7	5
Net income	219	728
Retained earnings (loss) at the beginning of a period	338	△3,046
Amount of capital stock reduced to offset deficit	—	3,046
Undisposed profit (loss) at the end of fiscal year (net of tax)	558	728

## Disposal of Unconsolidated Profit (Loss)

	Unit: Million of Yen	
	FY 2004	FY 2003
Disposable profit (loss) at the end of fiscal year 2003	558	728
to be distributed as follows		
Legal reserve	—	35
Dividend	381	299
Director's bonus	—	55
Profit carried forward to next fiscal year	176	338
Note 1: Cumulative depreciation on tangible fixed assets	68	77
Note 2: Net income per share (loss)	1.31 Yen	4.95 Yen

Total number of authorized shares	600,000,000
Total number of shares issued and outstanding	191,396,664
Number of shareholders	14,640

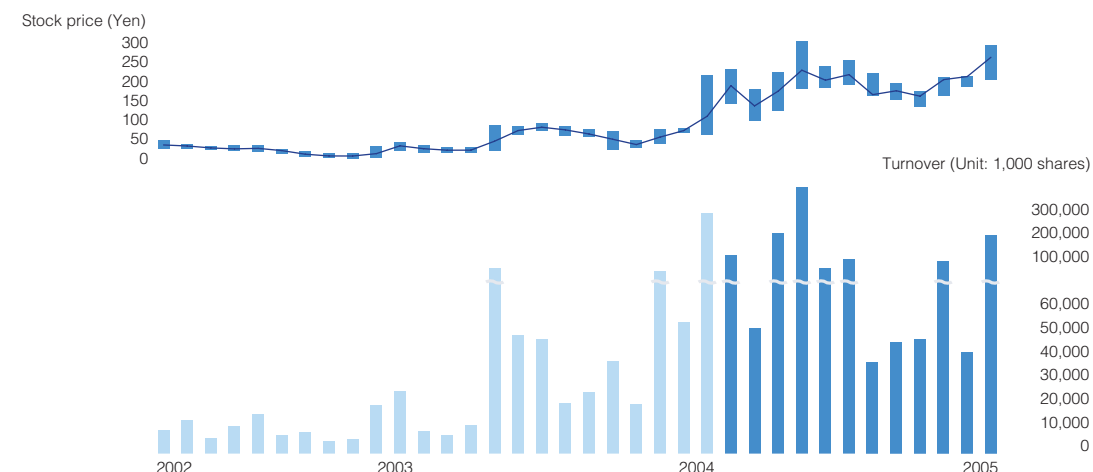
## Principal Shareholders (Top 7)

Name of shareholders	Shares held	Voting right (%)
Japan Securities and Finance Corporation	13,284,000	7.08 %
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,877,000	4.73 %
Hirokazu Takei	8,094,000	4.32 %
Keiei Miura	5,014,473	2.67 %
SIS Segal Investor SEI AG	4,492,480	2.40 %
BBH Ltd. Fidelity Fund Japan Fund	4,118,000	2.20 %
The Nomura Trust and Banking Co., Ltd. (Investment Account)	3,813,000	2.03 %

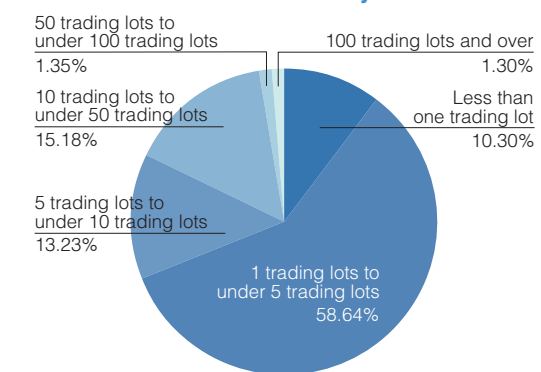
\*Name of shareholder in the foregoing list are based on the share register as of March 31, 2005.

\*Fidelity Investment filed the report on large holdings through which they were informed held 13.7% of the Company's common stock as of March 31, 2005.

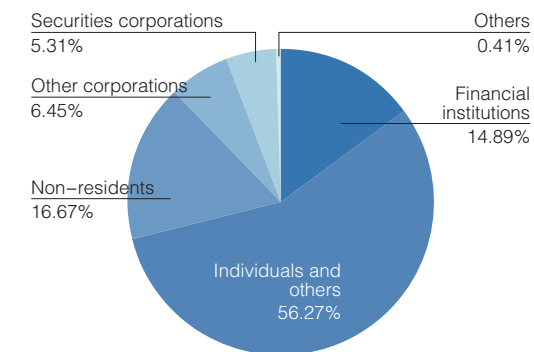
## Stock Price and Turnover Trends



### Breakdown of shareholders by volume owned



### Distribution of shareholders



### Complimentary Gift for Shareholders

Each shareholder of record as of March 31, 2005 who held a least one share will receive a handbag made by ADIRON Corporation. The handbag, which has developed a strong following, has retail value ranging from 5,000 Yen to 20,000 Yen and will be presented to shareholders in a manner that reflects their shareholding.