FP CORPORATION and Subsidiaries

Consolidated Financial Statements for the Years Ended March 31, 2005 and 2004, and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
FP CORPORATION:

We have audited the accompanying consolidated balance sheets of FP CORPORATION and subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FP CORPORATION and subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 3 to the consolidated financial statements, the Company has changed its method of accounting for retirement benefits for directors and corporate auditors for the year ended March 31, 2004.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 29, 2005

Deloitte Touche Tohmatsu

Consolidated Balance Sheets

FP CORPORATION and Subsidiaries

March 31, 2005 and 2004

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
CURRENT ASSETS:			
Cash and cash equivalents	¥ 5,994	¥ 6,655	$ 55,815
Marketable securities (Note 4)	1		9
Short-term investments (Note 5)	10	116	93
Receivables			
Trade notes	11,632	11,806	108,315
Trade accounts	16,309	15,868	151,867
Other	3,309	4,906	30,813
Allowance for doubtful accounts	(351)	(213)	(3,268)
Inventories (Notes 6 and 9)	16,592	19,007	154,502
Prepaid expenses and other current assets (Note 14)	766	915	7,134
Total Current Assets	54,262	59,060	505,280
PROPERTY, PLANT AND EQUIPMENT (Note 7):			
Land (Note 9)	19,842	19,505	184,766
Buildings and structures (Note 9)	46,300	45,805	431,139
Machinery and equipment	14,917	14,939	138,905
Tools, furniture and fixtures	12,339	11,394	114,899
Construction in progress	37	68	344
Total	93,435	91,711	870,053
Accumulated depreciation	(46,532)	(43,911)	(433,299)
Net Property, Plant and Equipment	46,903	47,800	436,754
INVESTRMENTS AND OTHER ASSETS:			
Investment securities (Note 4)	4,014	3,438	37,378
Investments in associated companies	52	52	484
Long-term loans	5,090	5,235	47,397
Goodwill	39	52	363
Deferred tax assets (Note 14)	571	817	5,317
Other assets	5,100	5,670	47,491
Allowance for doubtful accounts	(420)	(376)	(3,911)
Total Investments and Other Assets	14,446	14,888	134,519
TOTAL	¥ 115,611	¥ 121,748	$ 1,076,553

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
CURRENT LIABILITIES:			
Short-term bank loans (Note 8)	¥ 14,250	¥ 13,330	$ 132,694
Current portion of long-term debt (Note 8)	7,020	8,254	65,369
Payables			
Trade notes	3,125	4,317	29,100
Trade accounts	17,324	16,286	161,319
Other	3,325	3,061	30,962
Accrued income taxes	588	618	5,475
Accrued expenses	1,440	1,307	13,409
Current portion of obligations under reorganization proceeding of subsidiaries (Note 9)	881	1,810	8,204
Other current liabilities	94	104	875
Total Current Liabilities	48,047	49,087	447,407
LONG-TERM LIABILITIES:			
Long-term debt (Note 8)	18,764	20,051	174,728
Liability for employees' retirement benefits (Note 10)	998	953	9,293
Retirement allowance for directors and corporate auditors (Note 11)	317	176	2,952
Obligations under reorganization proceeding of subsidiaries (Note 9)	1,831	7,404	17,050
Other long-term liabilities	732	240	6,816
Total Long-Term Liabilities	22,642	28,824	210,839
MINORITY INTERESTS	126	40	1,173
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 15, 16 and 17)			
SHAREHOLDERS' EQUITY (Notes 12 and 19):			
Common stock,			
Authorized — 31,750,600 shares in 2005 and 2004			
Issued — 22,142,106 shares in 2005			
24,192,106 shares in 2004	13,151	13,151	122,460
Capital surplus	15,488	15,488	144,222
Retained earnings	16,410	19,124	152,808
Net unrealized gain on available-for-sale securities	604	244	5,624
Treasury stock, at cost,			
292,247 shares in 2005 and 1,914,258 shares in 2004	(857)	(4,210)	(7,980)
Total Shareholders' Equity	44,796	43,797	417,134
TOTAL	¥ 115,611	¥ 121,748	$ 1,076,553

See notes to consolidated financial statements.

Consolidated Statements of Income

FP CORPORATION and Subsidiaries

Years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
NET SALES	¥ 124,152	¥ 123,918	$ 1,156,085
COST OF SALES (Note 13)	94,228	92,031	877,437
Gross Profit	29,924	31,887	278,648
SELLING , GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	26,712	28,952	248,738
Operating Income	3,212	2,935	29,910
OTHER INCOME (EXPENSES):			
Interest and dividend income	217	207	2,021
Interest expense	(283)	(303)	(2,635)
Gain on early extinguishment of obligation under reorganization proceeding of subsidiaries	970		9,032
Loss on valuation of investment securities	(94)	(622)	(875)
Loss on valuation of inventories	(779)	(386)	(7,254)
Other, net	370	862	3,445
Total Other Income (Expenses)	401	(242)	3,734
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	3,613	2,693	33,644
INCOME TAXES (Note 14):			
Current	1,099	1,232	10,234
Deferred	(15)	(304)	(140)
Total	1,084	928	10,094
MINORITY INTEREST IN NET INCOME	92	62	857
NET INCOME	¥ 2,437	¥ 1,703	$ 22,693

	Yen		U.S. Dollars (Note 1)
PER SHARE OF COMMON STOCK (Note 2.o):			
Basic net income	¥ 107.65	¥ 73.87	$ 1.00
Cash dividends	32.00	32.00	0.30

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

FP CORPORATION and Subsidiaries

March 31, 2005 and 2004

	Shares / Millions of Yen					
	Issued number of shares of common stock	Common stock	Capital surplus	Retained earnings	Net unrealized gain (loss) on available-for-sale securities	Treasury stock
BALANCE AT APRIL 1, 2003	24,192,106	¥ 13,151	¥ 15,488	¥ 18,179	¥ (262)	¥ (3,096)
Adjustment of retained earnings for newly consolidated subsidiaries				1		
Net income				1,703		
Cash dividends, ¥32.00 per share				(721)		
Bonuses to directors and corporate auditors				(38)		
Disposal of treasury stock				(0)		
Increase in treasury stock						(1,114)
Net increase in unrealized gain on available-for-sale securities					506	
BALANCE AT MARCH 31, 2004	24,192,106	13,151	15,488	19,124	244	(4,210)
Net income				2,437		
Cash dividends, ¥32.00 per share				(708)		
Bonuses to directors and corporate auditors				(41)		
Disposal of treasury stock				(0)		
Retirement of treasury stock	(2,050,000)			(4,402)		4,402
Increase in treasury stock						(1,049)
Net increase in unrealized gain on available-for-sale securities					360	
BALANCE AT MARCH 31, 2005	22,142,106	¥ 13,151	¥ 15,488	¥ 16,410	¥ 604	¥ (857)

	Thousands of U.S. Dollars (Note 1)				
	Common stock	Capital surplus	Retained earnings	Net unrealized gain on available-for-sale securities	Treasury stock
BALANCE AT MARCH 31, 2004	$ 122,460	$ 144,222	$ 178,080	$ 2,272	$(39,203)
Net income			22,693		
Cash dividends, $0.30 per share			(6,593)		
Bonuses to directors and corporate auditors			(382)		
Disposal of treasury stock			(0)		
Retirement of treasury stock			(40,990)		40,990
Increase in treasury stock					(9,767)
Net increase in unrealized gain on available-for-sale securities				3,352	
BALANCE AT MARCH 31, 2005	$ 122,460	$ 144,222	$ 152,808	$ 5,624	$ (7,980)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FP CORPORATION and Subsidiaries

Years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 3,613	¥ 2,693	$ 33,644
Adjustments For:			
Income taxes-paid	(1,235)	(1,278)	(11,500)
Depreciation and amortization	4,135	4,201	38,505
Provision for (reversal of) allowance for doubtful accounts	182	(710)	1,695
Gain on early extinguishment of obligations under reorganization proceeding of subsidiaries	(970)		(9,032)
Loss on disposal of property, plant and equipment	75	62	698
Provision for retirement benefits	45	1	419
Bonuses to directors and corporate auditors	(41)	(38)	(382)
Changes in operating assets and liabilities, net of effects:			
Increase in trade receivables	(277)	(320)	(2,579)
Decrease (increase) in inventories	2,415	(2,928)	22,488
(Decrease) increase in trade payables	(154)	1,905	(1,434)
Other, net	2,762	624	25,718
Total adjustments	6,937	1,519	64,596
Net cash provided by operating activities	10,550	4,212	98,240
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(2,887)	(5,853)	(26,883)
Proceeds from sales of investment securities	135	431	1,257
Purchases of investment securities	(136)	(42)	(1,266)
Increase in short-term loans, net	(275)	(421)	(2,561)
Payments for long-term loans	(103)	(298)	(959)
Proceeds from collection of long-term loans	516	651	4,805
Increase in other assets	(122)	(265)	(1,136)
Net cash used in investing activities	(2,872)	(5,797)	(26,743)
FINANCING ACTIVITIES:			
Increase in short-term bank loans, net	920	1,515	8,567
Proceeds from long-term debt	6,370	10,800	59,317
Repayments of long-term debt	(8,891)	(7,909)	(82,792)
Purchase of treasury stock	(500)	(1,114)	(4,656)
Dividends paid	(708)	(721)	(6,593)
Repayments of obligations under reorganization proceeding of subsidiaries	(5,531)	(4,254)	(51,504)
Other, net	1	(2)	9
Net cash used in financing activities	(8,339)	(1,685)	(77,652)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	0	(2)	0
NET DECREASE IN CASH AND CASH EQUIVALENTS	(661)	(3,272)	(6,155)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,655	9,927	61,970
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 5,994	¥ 6,655	$ 55,815

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of FP Corporation (the “Company”) have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2004 financial statements to conform to the classifications used in 2005.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥107.39 to $1, the rate of exchange at March 31, 2005. Such translations should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements as of March 31, 2005 and 2004 include the accounts of the Company and all subsidiaries (29 in 2005 and 2004) (together, the “Group”).

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in the associated companies are stated at cost. If the equity method of accounting had been applied to the investments in those companies, the effect on the accompanying consolidated financial statements would not be material.

The significant excess of the Company’s investments in consolidated subsidiaries over its equity in the net assets at the respective dates of acquisition is being amortized over a period of five years. The insignificant excess of cost over net assets of subsidiaries acquired is charged to income when incurred.

Negative goodwill is reported in the balance sheet as other long-term liabilities and is amortized using the straight-line method over five years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(b) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash Equivalents include time deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

(c) Marketable and Investment Securities

Marketable and investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, marketable and non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

(d) Inventories

Merchandise, finished products, semi-finished products, raw materials and work in process are stated at cost determined by the monthly average-method. Real estate for sale and paintings and antiques are stated at cost determined by the specific identification method, and supplies are stated at cost determined by the last purchased cost method.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost.
Depreciation is computed substantially by the declining-balance method over the estimated useful lives of the assets
Additionally, equipment of certain consolidated subsidiaries is depreciated by the straight-line method.

The range of useful lives are mainly as follows:
Buildings·································· 15 to 35 years
Machinery and equipment ········ 4 to 8 years

(f) Other Assets

Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method principally over five years.

(g) Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(h) Liability for Employees' Retirement Benefits

The Company and certain consolidated subsidiaries have non-contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees which cover approximately 50%, respectively, of their benefits. Most of the other consolidated subsidiaries have defined contribution annuity plans.
Effective April 1, 2000, the Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

(i) Retirement Allowance for Directors and Corporate Auditors

Retirement allowance for directors and corporate auditors of the Company and certain subsidiaries are also provided under the internal guidelines. (see Note 3)

(j) Research and Development Costs

Research and development costs are charged to income as incurred.

(k) Leases

All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

(l) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(m) Appropriations of Retained Earnings

Appropriations of retained earnings are reflected in the accompanying consolidated financial statements for the following year upon shareholders' approval.

(n) Derivatives and Hedging Activities

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts and interest rate swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives be recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts employed to hedge foreign exchange exposures for export sales are measured at the fair value and the unrealized gains / losses are recognized in income. Forward contracts applied for forecasted (or committed) transactions are also measured at the fair value but the unrealized gains / losses are deferred until the underlying transactions are completed.

Interest rate swaps are utilized to hedge interest rate exposures of long-term debt. These swaps that qualify for hedge accounting are measured at market value at the balance sheet date and unrealized gains or losses are deferred until maturity as an other liability or asset.

Other than those above, interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

(o) Per share information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. The average number of common shares used in the computation was 22,202,884 shares for the year ended March 31, 2005 and 22,496,272 shares for the year ended March 31, 2004, respectively.

Diluted net income per share was not presented because there was no dilution for the years ended March 31, 2005 and 2004.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

(p) New Accounting Pronouncements

In August 2002, the Business Accounting Council issued a Statement of Opinion, “Accounting for Impairment of Fixed Assets”, and in October 2003 the Accounting Standards Board of Japan (ASB) issued ASB Guidance No.6, “Guidance for Accounting Standard for Impairment of Fixed Assets”. These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ended on or after March 31, 2004.

The new accounting standard requires an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The Group expects to adopt these pronouncements as of April 1, 2005 and is currently in the process of assessing the effect of adoption of these pronouncements.

3. ACCOUNTING CHANGE

Prior to April 1, 2003, no provisions were recorded for retirement benefits to be paid to the Company's directors and corporate auditors. Effective April 1, 2003, the Company changed its method of accounting for such retirement benefits to the accrual basis. The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2004 by ¥ 176 million, which included ¥ 150 million of a cumulative effect of ¥ 300 million at March 31, 2004. This cumulative effect was included in other income (expenses) — net in the 2004 consolidated statement of income.

The remaining amount of this cumulative effect was included in other income (expenses) — net in the 2005 consolidated statement of income.

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Current:			
Corporate bonds	¥ 1		$ 9
Total	¥ 1		$ 9
Non-current:			
Marketable equity securities	¥ 2,711	¥ 2,065	$ 25,245
Corporate bonds		1	
Trust fund investment and other	1,303	1,372	12,133
Total	¥ 4,014	¥ 3,438	$ 37,378

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2005 and 2004 were as follows:

March 31, 2005	Millions of Yen Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,653	¥ 1,088	¥ (30)	¥ 2,711
Corporate bonds	1	0		1
Trust fund investments	571	9	(27)	553

March 31, 2004	Millions of Yen Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,633	¥ 584	¥ (152)	¥ 2,065
Corporate bonds	1	0		1
Trust fund investments	553	0		553

March 31, 2005	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 15,393	$ 10,131	$ (279)	$ 25,245
Corporate bonds	9	0		9
Trust fund investments	5,317	84	(252)	5,149

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2005 and 2004 were as follows:

	Carrying Amount Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Available-for-sale:			
Equity securities	¥ 750	¥ 819	$ 6,984
Total	¥ 750	¥ 819	$ 6,984

Proceeds from sales of available-for-sale securities for the years ended March 31, 2005 and 2004 were ¥ 135 million ($ 1,257 thousand) and ¥ 431 million, respectively. Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥ 64 million ($ 596 thousand) and no losses, respectively, for the year ended March 31, 2005 and ¥ 180 million and ¥ 42 million, respectively, for the year ended March 31, 2004.

The carrying values of corporate bonds and trust fund investments by contractual maturities for securities classified as available-for-sale at March 31, 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Available for Sale		Available for Sale	
Due in one year or less	¥	1	$	9
Due after one year through five years		27		251
Due after five years through ten years		526		4,898
Total	¥	554	$	5,158

5. SHORT-TERM INVESTMENTS

Short-term investments consisted of time deposits which mature over three months.

6. INVENTORIES

Inventories at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2005		2004		2005	
Merchandise	¥	646	¥	898	$	6,015
Real estate for sale		300		532		2,794
Finished products		9,789		12,352		91,154
Semi-finished products and work in process		846		987		7,878
Raw materials		3,666		2,803		34,137
Supplies		330		350		3,073
Paintings and antiques		1,015		1,085		9,451
Total	¥	16,592	¥	19,007	$	154,502

7. PROPERTY, PLANT AND EQUIPMENT

Depreciation expense for the years ended March 31, 2005 and 2004 were ¥4,135 million ($38,505 thousand) and ¥4,201 million, respectively.

8. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2005 and 2004 bore interest at annual rates of 0.25 % to 1.75 % and 0.27 % to 1.75 %, respectively.

Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2005		2004		2005	
Unsecured Loans from banks and other financial institutions due 2005 to 2011 with interest rates ranging from 0.55 % to 2.375 %	¥	25,784	¥	28,305	$	240,097
Total		25,784		28,305		240,097
Less-current portion		7,020		8,254		65,369
Long-term debt, less current portion	¥	18,764	¥	20,051	$	174,728

The aggregate annual maturities of long-term debt as of March 31, 2005 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 7,020	$ 65,369
2007	11,785	109,740
2008	3,586	33,392
2009	3,071	28,597
2010	300	2,794
2011	22	205
Total	¥ 25,784	$ 240,097

The Company and certain subsidiaries entered into credit agreements with several Japanese banks under which the banks committed a maximum of ¥ 38,580 million ($ 359,251 thousand) and ¥ 39,730 million to the Company and certain subsidiaries in the form of cash borrowings at March 31, 2005 and 2004. The unused lines of credit under these agreement amounted ¥ 24,330 million ($ 226,557 thousand) and ¥ 26,700 million at March 31, 2005 and 2004, respectively.

9. OBLIGATIONS UNDER REORGANIZATION PROCEEDING OF SUBSIDIARIES

Obligations under reorganization proceeding of subsidiaries at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Obligations under reorganization proceeding of subsidiaries			
Secured	¥ 717	¥ 3,750	$ 6,677
Unsecured	1,995	5,464	18,577
Total	2,712	9,214	25,254
Less current portion	881	1,810	8,204
Long-term obligations, less current portion	¥ 1,831	¥ 7,404	$ 17,050

The carrying amounts of assets of a subsidiary pledged as collateral for the above secured obligations under reorganization proceeding of subsidiaries at March 31, 2005, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Inventories	¥ 265	$ 2,468
Land	1,591	14,815
Buildings and structures－net of accumulated depreciation	1,559	14,517
Total	¥ 3,415	$ 31,800

10. LIABILITY FOR EMPLOYEES' RETIREMENT BENEFITS

The Company and certain subsidiaries have severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.
Most of the other subsidiaries entered into the Smaller Enterprise Retirement Allowance Mutual Aid Corporation which is a defined contribution pension plan.

The liability for employees' retirement benefits as of March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Projected benefit obligation	¥ 1,834	¥ 1,759	$ 17,078
Fair value of plan assets	(734)	(652)	(6,835)
Unrecognized actuarial loss	(102)	(154)	(950)
Net liability	¥ 998	¥ 953	$ 9,293

The components of net periodic benefit costs for the years ended March 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Service cost	¥ 265	¥ 298	$ 2,467
Interest cost	26	24	242
Expected return on plan assets	(6)	(6)	(56)
Amortization of actuarial loss	53	55	494
Net periodic benefit costs	¥ 338	¥ 371	$ 3,147

Assumptions used for the years ended March 31, 2005 and 2004 were set forth as follows:

	2005	2004
Discount rate	2.0 %	2.0 %
Expected rate of return on plan assets	1.5 %	1.5 %
Recognition period of actuarial gain / loss	5 years	5 years

11. RETIREMENT ALLOWANCE FOR DIRECTORS AND CORPORATE AUDITORS

Retirement allowance for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Japanese Commercial Code (the "Code").
The Company and certain subsidiaries recorded a liability for their unfunded retirement allowance plan covering all of its directors and corporate auditors. The annual provisions for retirement allowance for directors and corporate auditors for the years ended March 31, 2005 and 2004 were ¥ 195 million ($ 1,816 thousand) and ¥ 176 million, respectively.

12. SHAREHOLDERS' EQUITY

Japanese companies are subject to the Code.

The Code requires that all shares of common stock are recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥ 13,565 million ($ 126,315 thousand) as of March 31, 2005, based on the amount recorded in the Company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

The balance of treasury stock included in the Company's treasury stock owned by the subsidiaries, amounted to ¥ 561 million ($ 5,224 thousand) and ¥ 10 million as of March 31, 2005 and 2004, respectively. The shares of treasury stock indicated on the consolidated balance sheets included the number of the shares owned by the subsidiaries.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to operating expenses, were ¥689million ($6,416 thousand) and ¥628 million for the years ended March 31, 2005 and 2004, respectively.

14. INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.4% and 41.7% for the years ended March 31, 2005 and 2004, respectively.
On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 41.7% to 40.4%, effective for years beginning on or after April 1, 2004.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Deferred Tax Assets:			
Tax loss carry forwards	¥ 272	¥ 1,253	$ 2,533
Accrued enterprise tax	70	67	652
Accrued expenses	370	313	3,446
Invertories-intercompany profits	8	53	74
Allowance for doubtful accounts	216	149	2,011
Land-intercompany profits	23	23	214
Accrued pension and severance costs	374	344	3,483
Retirement allowances for directors and corporate auditors	128	71	1,192
Allowance for loss on investments	372	334	3,464
Excess of depreciation expenses	101	93	940
Unrealized loss on available-for-sale securities	23	61	214
Other	151	55	1,406
Less valuation allowance	(549)	(1,243)	(5,112)
Total	1,559	1,573	14,517
Deferred Tax Liabilities:			
Allowance for doubtful accounts-intercompany balances	(18)	(10)	(168)
Unrealized gain on available-for-sale securities	(443)	(235)	(4,125)
Other	(4)	(3)	(37)
Total	(465)	(248)	(4,330)
Net deferred tax assets	¥ 1,094	¥ 1,325	$ 10,187

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2005 and 2004 was as follows:

	2005	2004
Normal effective statutory tax rate	40.4%	41.7%
Tax effects on permanent differences	0.6	1.4
Per capita levy of inhabitants taxes	1.2	1.7
Tax loss carryforwards of subsidiaries	(8.2)	(3.8)
Tax special deduction of IT investment	(3.0)	(5.3)
Other – net	(1.0)	(1.2)
Actual effective tax rate	30.0%	34.5%

At March 31, 2005, certain subsidiaries have tax loss carryforwards aggregating approximately ¥ 272 million ($ 2,533 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 1	$ 9
2007		
2008		
2009	98	913
2010 and thereafter	173	1,611
Total	¥ 272	$ 2,533

15. LEASES

(a) As lessee

The Group lease certain machinery, computer equipment and other assets.

Total rental expenses for the years ended March 31, 2005 and 2004 were ¥ 4,731 million ($ 44,054 thousand) and ¥ 4,511 million, respectively, including ¥ 3,207 million ($ 29,863 thousand) and ¥ 2,745 million of lease payments under finance leases.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004 was as follows:

	Millions of Yen		
2005	Machinery and equipment	Tools, furniture and fixtures	Total
Acquisition cost	¥ 14,753	¥ 3,653	¥ 18,406
Accumulated depreciation	7,854	1,689	9,543
Net leased property	¥ 6,899	¥ 1,964	¥ 8,863
2004			
Acquisition cost	¥ 12,717	¥ 3,435	¥ 16,152
Accumulated depreciation	6,242	1,431	7,673
Net leased property	¥ 6,475	¥ 2,004	¥ 8,479

	Thousands of U.S. Dollars		
2005	Machinery and equipment	Tools, furniture and fixtures	Total
Acquisition cost	$ 137,378	$ 34,016	$ 171,394
Accumulated depreciation	73,136	15,728	88,864
Net leased property	$ 64,242	$ 18,288	$ 82,530

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Obligations under finance leases:			
Due with one year	¥ 2,826	¥ 2,624	$ 26,315
Due after one year	6,319	6,152	58,842
Total	¥ 9,145	¥ 8,776	$ 85,157

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Depreciation expense	¥ 2,895	¥ 2,545	$ 26,958
Interest expense	210	215	1,955
Total	¥ 3,105	¥ 2,760	$ 28,913

Depreciation expense and interest expense, which were not reflected in the accompanying statements of income, were computed by the straight-line method and the interest method, respectively.

(b) As lessor

The Group subleases certain machinery, computer equipment, vehicle and other assets.

Total lease payments under finance leases for the years ended March 31, 2005 and 2004 were ¥ 168 million ($ 1,564 thousand) and ¥ 147 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, receivables on finance leases, depreciation expense, and interest income of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2005 and 2004 was as follows:

	Millions of Yen		
2005	Machinery and equipment	Tools, furniture and fixtures	Total
Acquisition cost	¥ 971	¥ 54	¥ 1,025
Accumulated depreciation	544	20	564
Net leased property	¥ 427	¥ 34	¥ 461
2004			
Acquisition cost	¥ 902	¥ 42	¥ 944
Accumulated depreciation	420	24	444
Net leased property	¥ 482	¥ 18	¥ 500

	Thousands of U.S. Dollars		
2005	Machinery and equipment	Tools, furniture and fixtures	Total
Acquisition cost	$ 9,042	$ 503	$ 9,545
Accumulated depreciation	5,066	186	5,252
Net leased property	$ 3,976	$ 317	$ 4,293

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Receivables on finance leases:			
Due within one year	¥ 148	¥ 125	$ 1,378
Due after one year	331	385	3,082
Total	¥ 479	¥ 510	$ 4,460

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Depreciation expense	¥ 145	¥ 126	$ 1,350
Interest expense	31	33	289
Total	¥ 176	¥ 159	$ 1,639

Depreciation expense and interest expense, which were not reflected in the accompanying statements of income, were computed by the straight-line method and the interest method, respectively.

16. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets denominated in foreign currencies. The Group also enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

The Group had the following derivatives contracts outstanding at March 31, 2005 and 2004:

	Millions of Yen					
	2005			2004		
	Contract Amount	Fair Value	Unrealized Loss	Contract Amount	Fair Value	Unrealized Gain
Foreign currency forward contracts:						
Selling U.S. Dollars	¥ 29	¥ 30	¥ (1)	¥ 76	¥ 70	¥ 6

	Thousands of U.S. Dollars		
	2005		
	Contract Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts:			
Selling U.S. Dollars	$ 270	$ 279	$ (9)

The contract amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

Interest rate swaps which qualify for hedge accounting for the years ended March 31, 2004 and such amounts which were assigned to the associated assets and liabilities and were recorded on the balance sheets at March 31, 2004, were excluded from disclosure of market value information.
There was no interest swaps for 2005.

17. CONTINGENT LIABILITIES

At March 31, 2005, the Group was contingently liable for repurchase of notes receivable amounting to ¥ 596 million ($ 5,550 thousand).

The Group also had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes endorsed	¥ 44	$ 410

18. SEGMENT INFORMATION

The Group operates in the following industries:
Industry A consists of manufacturing and selling of polystyrene foam containers business.
Industry B consists of trading business.
Industry C consists of the other businesses.

Information about industry segments of the Group for the years ended March 31, 2005 and 2004, is as follows:

(1) Industry Segments

a. Sales and Operating Income

	Millions of Yen				
	2005				
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 121,582	¥ 1,594	¥ 976		¥ 124,152
Intersegment sales	3	2	102	¥ (107)	
Total sales	121,585	1,596	1,078	(107)	124,152
Operating expenses	119,004	1,112	964	(140)	120,940
Operating income	¥ 2,581	¥ 484	¥ 114	¥ 33	¥ 3,212

b. Total assets, Depreciation and Capital Expenditures

	Millions of Yen				
	2005				
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Total assets	¥ 110,249	¥ 2,286	¥ 958	¥ 2,118	¥ 115,611
Depreciation	4,010	1	124		4,135
Capital expenditures	2,550	0	194		2,744

a. Sales and Operating Income

	Thousands of U.S. Dollars				
	2005				
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Sales to customers	$ 1,132,154	$ 14,843	$ 9,088		$ 1,156,085
Intersegment sales	28	19	950	$ (997)	
Total sales	1,132,182	14,862	10,038	(997)	1,156,085
Operating expenses	1,108,148	10,355	8,976	(1,304)	1,126,175
Operating income	$ 24,034	$ 4,507	$ 1,062	$ 307	$ 29,910

b. Total assets, Depreciation and Capital Expenditures

	Thousands of U.S. Dollars				
	2005				
	Industry A	Industry B	Industry C	Eliminations/ Corporate	Consolidated
Total assets	$ 1,026,623	$ 21,287	$ 8,921	$ 19,722	$ 1,076,553
Depreciation	37,341	9	1,155		38,505
Capital expenditures	23,745	0	1,807		25,552

Until the year ended March 31, 2004, industry segment was not presented because the sales, operating income and assets except for industry A were not material.

(2) Geographical Segments

Geographical segments are not presented herein because the Group's operations primarily consist of domestic businesses.

(3) Sales to Foreign Customers

Sales to foreign customers are not presented herein because total sales to foreign customers were not material for the years ended March 31, 2005 and 2004.

19. SUBSEQUENT EVENTS

The following appropriation of retained earnings for the year ended March 31, 2005 was approved at the Company's general shareholders' meeting held on June 29, 2005:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends, ¥16 ($0.15) per share	¥ 352	$ 3,278
Bonuses to directors and corporate auditors	42	391

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