

## Corporate Profile (As of June 29, 2004)

**Corporate name** BSL CORPORATION  
**Address** 1-15-1 Jinnan, Shibuya-ku, Tokyo, Japan  
**Foundation** 1868  
**Establishment** 1918  
**Paid-in Capital** 4,202,702,376 yen  
**Public Listing** 2nd Sections of TSE, OSE and NSE. Listed in 1949. Security code: 3113  
**Lead Manager** Daiwa Securities SMBC  
**Auditors** Nihombashi Corporation (Certified Public Accountants)  
**Banks** The Bank of Tokyo-Mitsubishi, Sumitomo Mitsui Banking Corporation, UFJ Bank, Mizuho Bank

## Directors/Advisors

<b>Honorary Chairman</b>	Hiroshi Miyazawa	Former Minister of Justice
<b>Representative Director &amp; CEO</b>	Hiroyasu Takei	
<b>Representative Director &amp; COO</b>	Takeshi Nojima	
<b>Managing Director &amp; CIO (Chief Investment Officer)</b>	Koichi Shinada	Head of Investment Business Unit and Biotechnology-related Business Development Officer
<b>Managing Director &amp; CFO (Chief Financial Officer)</b>	Shichiro Hattori	Senior Investment Officer
<b>Director</b>	Hideya Takahashi	Head of General Accounting and Finance Unit and Credit Supervision Division
<b>Director</b>	Shuji Ito	Head of Marine Business Unit
<b>Director</b>	Kenichi Goto	Head of Life Insurance Industry Business Unit & Senior Investment Officer
<b>Director</b>	Keisei Miura	External Director, Representative Director, Chairman & President of Dyflex Holdings Co., Ltd.
<b>Standing Corporate Auditor</b>	Kazuhiko Washino	
<b>Corporate Auditor</b>	Yoshikazu Nagano	External Auditor, Attorney-at-Law
<b>Corporate Auditor</b>	Makoto Sakai	External Auditor, Attorney-at-Law
<b>Corporate Auditor</b>	Tomoyasu Ozeki	External Auditor, US CPA, President, MFI Japan Inc.
<b>Corporate Auditor</b>	Yukihide Hirose	External Auditor
<b>Counselor</b>	Seiji Horiguchi	
<b>Chief International Advisor</b>	Jean-Pierre F. Stern	Senior Investment Advisor of Bank Sarasin & Co. Ltd.
<b>Advisor</b>	Yoshiharu Hayakawa	CPA, Representative of Kasumi Empowerment Research Institute
<b>Advisor</b>	Takashi Endo	Honorary Advisor of Benetton Japan Co. Ltd. (Former Chairman)
<b>Advisor</b>	Akira Mochizuki	President of Fabricant Co. Ltd.
<b>Advisor</b>	Nobutake Kurahashi	

## Shareholders Information

<b>Fiscal Year - end</b>	March 31
<b>Annual Shareholders' General Meeting</b>	June
<b>Reference dates</b>	1. Pertaining to the Annual Shareholders' General Meeting March 31 2. Pertaining to dividend payouts Declared out of profits March 31, Interim dividends September 30 3. Other dates will be set with the giving of public notice
<b>Newspaper carrying public notice</b>	Nihon Keizai Shinbun
<b>Transfer agent</b>	The Chuo Mitsui Trust and Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo
<b>Main transfer office</b>	The Chuo Mitsui Trust and Banking Co., Ltd. Stock Transfer Agency Dept. 8-4, Izumi 2-chome, Suginami-ku, Tokyo Phone: 81-3-3323-7111
<b>Other relevant offices</b>	The Chuo Mitsui Trust and Banking Co., Ltd. Branches nationwide Japan Securities Agents, Ltd. Head office and all branches nationwide
<b>One trading unit (lot)</b>	1,000 shares
<b>Regarding the system for adding to holdings of less than one trading unit</b>	Our Articles of Incorporation and regulations on the handling of share trading have been amended in line with changes in Japan's Commercial Code. We have introduced a system for adding to holdings of less than one trading unit. Shareholders who have a holding of less than one trading unit can apply to us to purchase additional shares to make up one trading unit. For details of this system, please apply to the Stock Transfer Agency Dept. of The Chuo Mitsui Trust and Banking Co., Ltd. When using the transfer of share custody system, please consult your securities company.

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



# Annual Report 2004

For fiscal year 2003 ended March 31, 2004

## BSL CORPORATION



**BSL CORPORATION**

**Head Office** : Sumitomo Fudosan Akasaka Bldg. F6, 8-10-24, Akasaka, Minato-ku, Tokyo 107-0052, Japan

**Administration** : Tel 81-3-5412-7474 Fax 81-3-5412-8282

**Investment Banking Business Division** : Tel 81-3-5412-7700 Fax 81-3-5412-8811

**Website**: [www.bsl-co.com](http://www.bsl-co.com)

# To Our Shareholders



**Hiroyasu Takei**  
Representative Director & CEO

**BSL CORPORATION is committed to expanding its operations through its investment banking business. We also plan to bolster our corporate structure and thereby enhance the corporate value.**

Welcome to our Annual Report for Fiscal Year 2003 (April 2003 - March 2004).

In FY 2003, our primary focus was to bring those companies in which we have a significant equity stake into our consolidated accounts. We also moved forward with the development of new operations. These are both important objectives under our 2nd Corporate Revitalization Plan. We

have already turned two companies into consolidated subsidiaries. These are Mont-Thabor Co., Ltd., a national bakery chain that specializes in hand-made bakery products, and ADIRON Corporation, which sells premier branded handbags.

We also entered into a capital and operating alliance with a US investment company. This company underwrote BSL's convertible bonds with stock acquisition rights in February 2004. Under the alliance, the two companies will work together to identify and investigate potential investment opportunities in the United States and Japan. When a suitable opportunity is found, we will make a joint investment with our new partner. The alliance will increase our presence in the IT sector, a major area of growth in today's world.

In terms of profits, we were able to achieve our targets through the sale and management of investment securities within the framework of our investment operations.

In February 2001, we implemented a third-party share allocation, and in the three years since then we have concentrated our resources on investment operations. This strategy has enabled us to improve our revenue structure. As a result, in FY 2003 we posted a profit that gave us the opportunity to pay our first dividend in 12

years. In resuming dividend payments (at 2 yen per share), we have been able to respond to the trust placed in us by our shareholders.

We are committed to two core strategies: a holding company function and investment banking business.

Our holding company function will operate with a hands-on management approach to improve the profitability of our subsidiaries and affiliates. We will endeavor to enhance our corporate value, and our target is a minimum of one public offering per year. We will increase the cash flow generated by our subsidiaries and affiliates, and create a system conducive to generating capital gains.

Looking at our investment banking business operations, in 2003 we created a system designed to generate profit in the form of capital gains from investment securities. Starting 2004, we are operating based on a policy of holding investment assets to provide a stable flow of capital gains every year. We have therefore succeeded in creating a structure that will

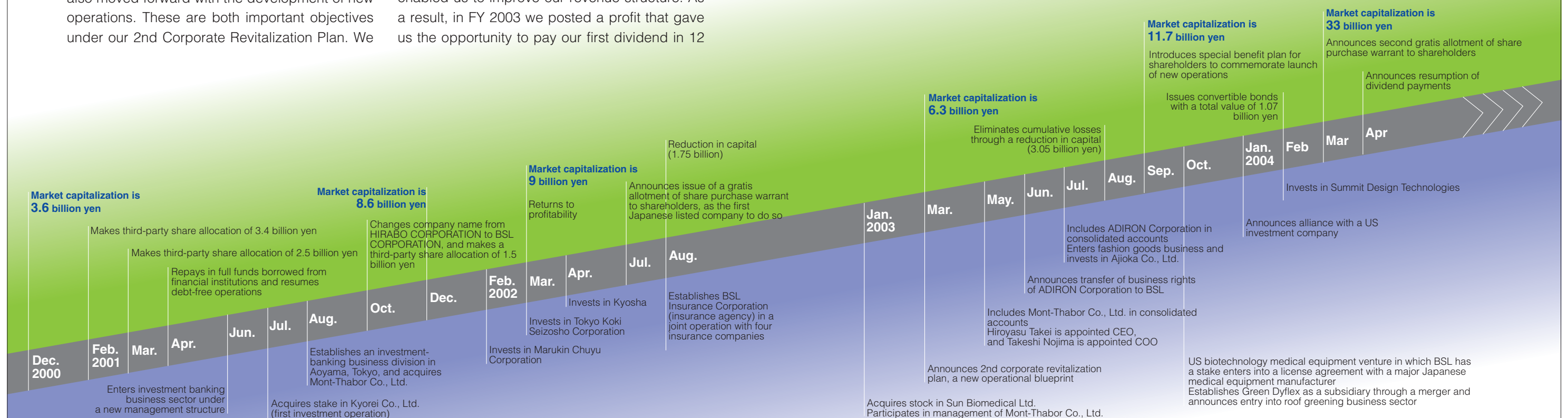
continue to generate sufficient profits to enable us to pay shareholder dividends. In addition, we are developing new operations through our investment banking business. This is helping us to expand the scale of our operations and ensure that we maintain a stable, profitable corporate structure. We believe that these strategies will enable us to increase our corporate value.

In 2004, BSL will advance to its next stage of growth as a company aggressively engaged in intelligent investment and M&A operations.

We wish to take this opportunity to thank all our stakeholders for their continuing support and encouragement. Be assured of maximum effort from everyone at BSL as we strive to achieve added value for our shareholders.

June 2004

**Hiroyasu Takei**  
Representative Director & CEO



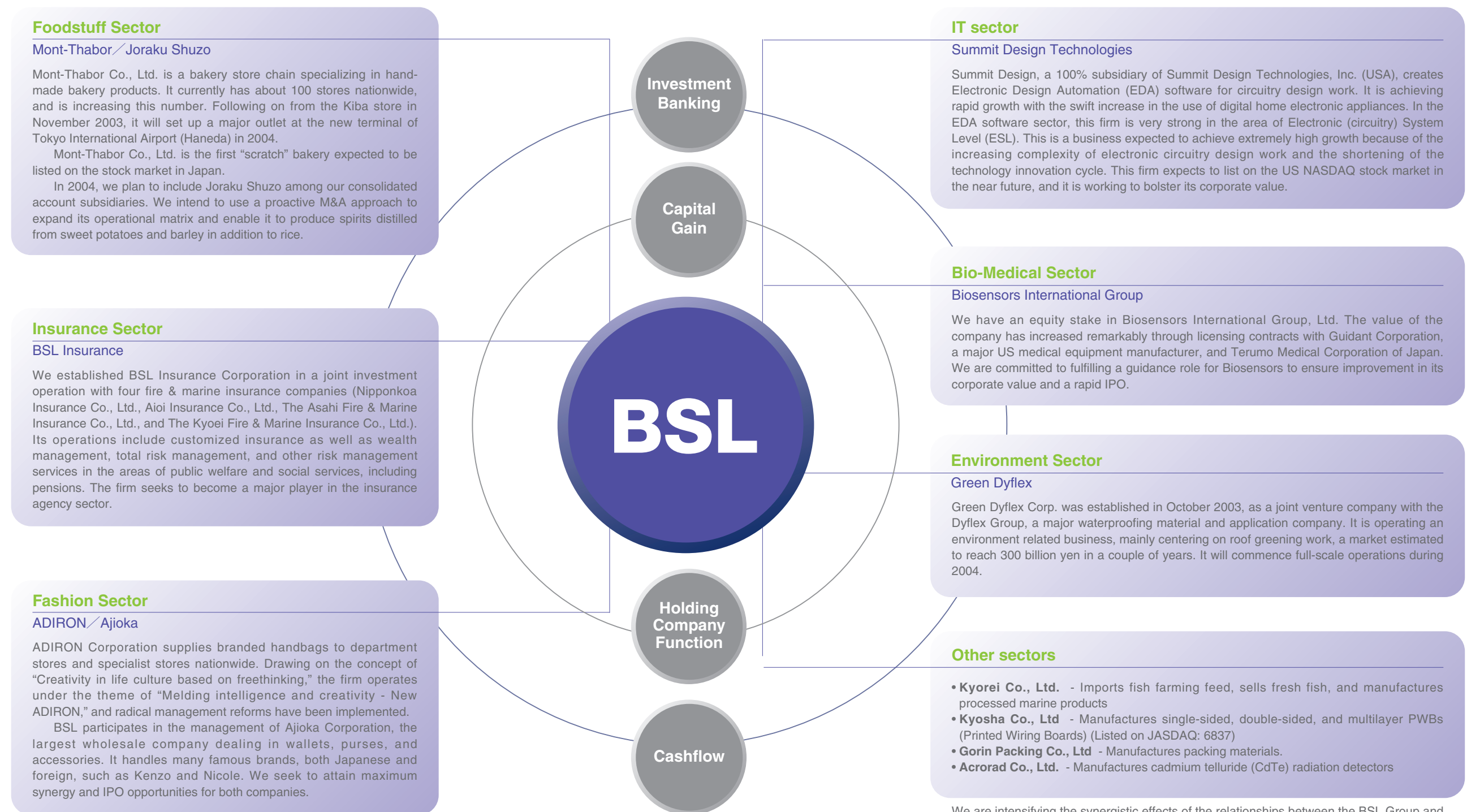
# BSL's Management Strategies

Since 2001, BSL's investment has entered into a wide range of sectors such as the medical, foodstuff, fashion, environment, insurance, and IT sectors, principally through its core investment banking business operations. These operations have emerged as our main business, and our market capitalization has increased from about 3.6 billion yen at the end of 2000, to about 33 billion yen at the end of March 2004.

## • Investment concepts

When selecting investment opportunities, our criteria include the requirement that they must enhance the quality of human life (through authenticity, high quality, health, reassurance, and environmentally-friendly operations). We also invest only in companies operating in areas either growing now or expected to grow in the future.

This approach means that we are able to generate stable revenues. It also means that our operations result in real value, and lead to the fulfillment of future dreams.



# Affiliates and Investee Companies

## BSL Insurance Corporation

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



We established BSL Insurance Corporation as an insurance agency in a joint investment operation with four insurance companies (Nipponkoa Insurance Co., Ltd., Aioi Insurance Co., Ltd., The Asahi Fire & Marine Insurance Co., Ltd., and The Kyoei Fire & Marine Insurance Co., Ltd.).

BSL Insurance will develop customized insurance and provide wealth management and total risk management services. It will also offer other risk management services in the area of public welfare and social services, including pensions. Its aim is to become a leader in the insurance agency sector.

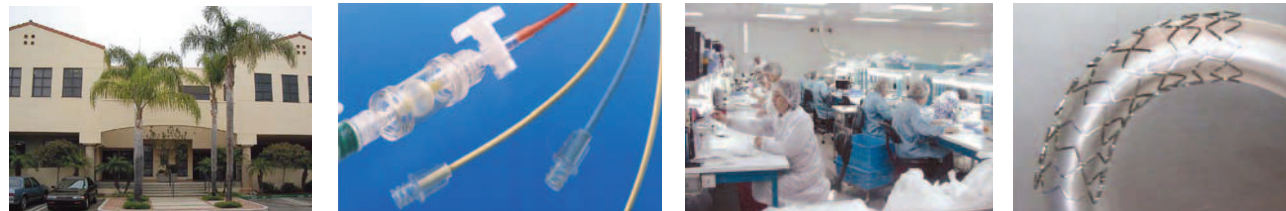
## Biosensors International Group, Ltd.

<http://www.biosensorsintl.com/>



Biosensors International Group, Ltd. (the corporate name changed from Sun Biomedical, Ltd. in June 2004) is a holding company of the Biosensors Group, which develops, manufactures and sells disposable medical equipment such as diagnostic and therapeutic cardiovascular catheters. Biosensors International is rapidly expanding in many areas, and it has developed original technology for immunosuppressant agent coatings for drug-eluting stents (metal mesh tubes). In March 2003, catheter procedure products developed by Biosensors International were adopted by Guidant, a major US medical equipment manufacturer.

Biosensors International is rapidly expanding its operations. In October 2003, Biosensors transferred the exclusive sales rights in Japan and non-exclusive sales rights for areas outside the United States for drug-eluting stents coated with Biolimus A-9 (a new immunosuppressant agent currently in the R&D stage) to Terumo Corporation, a Japanese medical equipment manufacturer.



Biosensors International stent (S-Stent)

## Summit Design Technologies, Inc. (USA)

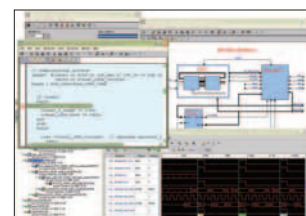
<http://www.sd.com/>



Summit Design (a 100% subsidiary of Summit Design Technologies, Inc.) is a pioneer in the area of support software tools for the design of next generation electronic circuitry. Its operations include development, sales, maintenance and design consulting.

Recently, there has been an upsurge in demand for mobile electronic appliances such as digital cameras, cell phones, and video cameras. Consequently, demand for the company's software is increasing rapidly. Summit Design is a leader in the sector supplying design support software, especially for electronic circuitry used in digital cameras and cell phones, and there is tremendous rivalry in terms of high performance circuitry in these sectors.

In addition to its sales bases in the United States, it also has a presence in Japan, Europe and China. In Japan, it established Summit Design Japan in February 2003, and this firm is engaged in intensive sales operations. Its main customers are global manufacturers of semiconductors and integrated home electric appliances, including NEC, Motorola, Hitachi, Canon, Fujitsu, MathStar, ST Microelectronics, L-3 Communications, and Broadcom.



Summit Design products provide integrated software support for the design of advanced, complex electronic circuitry. This support ranges from architecture design to detailed design.



## Coburn Japan Corporation

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



Currently, Coburn Japan has alliances with Coburn Graphic Films and many manufacturers in this field worldwide including firms in Hong Kong and Taiwan, and Coburn Japan is engaged in the sale and secondary processing of hologram (laser-generated images creating 3D effects) film, plastic film, and lenticular (3D image as seen by compound eye) products, and constantly provides a lead to the rest of the industry.

In the hologram and plastic film division, Coburn Japan has a near monopoly on hologram film in Japan used for many purposes including seals to prevent credit card counterfeiting, hobby cards such as "Yugioh" game cards, which have achieved a massive explosion in popularity in recent years, and wrapping materials for products sold at Disneyland. These hologram products are used over a wide spectrum including security, stationery, toys, and advertising. Through the development of paper holograms, Coburn Japan expects a new range of applications to emerge.

Coburn Japan has alliances with ADB-TTV Technologies, an affiliate of a major Belgian stage/studio lighting equipment manufacturer, and Rosco, a US manufacturer of stage/studio lighting filters. Coburn Japan supplies stage/studio lighting equipment, filters, and accessory products, which incorporate the world's latest cutting edge technology, to large theaters (New National Theater Tokyo), theme parks (Tokyo Disney Sea Park, Universal Studios Japan) and TV studios. Coburn Japan has earned an outstandingly good reputation in Japan in this sector.

Coburn Japan has attained an overwhelmingly strong position in the hologram and stage/studio lighting equipment sectors in Japan. Our strategic business plans based on this position of strength are designed to open up new markets.



3D Images



Morphing Effect



Morphing Effect (animation)



Rosco Smoke Machine



ADB Spotlight SourceFour 750



Examples of Rosco Gobo Steel Patterns



## Dyflex Holdings Co., Ltd.

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

Dyflex is a leading manufacturer of urethane waterproof building materials. Utilizing its advanced technology, it is committed to high quality, high precision waterproofing, and it responds to the diverse requirements of modern structures.

The DD system\* was born from the concept of creative roof development, one of the company's specialties, and as it is a waterproofing system very close to perfection, it has earned a high reputation and the trust of users. Dyflex's new technologies such as the lance-lock system and quick spray system utilize ultra rapid drying urethane Evercoat SP-100, and they are swiftly opening up vast new waterproofing areas.

Dyflex's long-term 30-year guarantee system, which includes insurance, and the environmentally friendly "Values VD" system respond to emerging market needs and have won a high evaluation.

Dyflex has maximized the outstanding properties of urethane resin and succeeded in developing commercial applications for this in the civil engineering sector. These include ultra durable and highly functional infrastructures (parking lots and waterproofing for underground heat storage tanks, etc.), as well as lining installation work, etc. Dyflex offers a broad spectrum of materials and systems such as paving for sports facilities (athletic tracks, all-weather water permeable tennis courts and jogging tracks, etc.), attractive pavements, a wide range of color flooring materials, and wall coating materials which can be combined with roof waterproofing work.

Dyflex's technology is not limited to prevention of water leakage; it is also contributing to environmental preservation by reducing the environmental impact of structures, etc.

\*Remark

DD system: an innovative method combining PAS sheet (polymer modified asphalt) and urethane waterproofing



**Green Dyflex Co., Ltd. (environment related business and greening works)**



Examples of roof greening projects

The market for roof greening is growing, and this extends to roof vegetable gardening and different forms of occupational therapy. Green Dyflex offers ideal roof greening systems matched to the customers' roof environment. These systems offer real added value.

The company undertakes integrated roof greening systems, from planning and design work to installation and maintenance. Green Dyflex places particular emphasis on waterproofing by Dyflex, the top brand of building waterproofing work, and its "Roof Soil" product, an innovative type of light natural soil created especially for roof greening.

**ADIRON Corporation**

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

**ADIRON**

ADIRON is a wholly-owned subsidiary of BSL. The company has made a fresh start with a new management team. The new chairman is Hiroshi Yamazaki, a former managing director of Sazaby Co., Ltd. The new president, Kenichi Goto, is also the director running our Life Industries Division. We have also recruited leading experts from the fashion goods sector, and from April 2004 (FY 2004) this new management team has been running the company.

The former ADIRON was mainly engaged in wholesaling fashion goods such as handbags, wallets, and purses to leading department stores nationwide, in addition to production under license of Marie Claire, etc. However, the new ADIRON has made major reforms to its operational structure and it has emerged as a company offering life culture products and suggesting superior lifestyles with outstanding bag products.

In addition to its existing wholesale business, the direction for ADIRON includes a retail business and the development of original brand products.

The three core product lines in the retail business are positioned as "Francesco Biasia," currently a popular Italian brand, "UPLA," a French casual brand, and a new type of Selective Shops that we conceived.

In 2004, ADIRON plans to establish a flagship shop and intends to engage in a new type of store merchandising business.

The medium-term operational breakdown will be equally divided between wholesale and retail business, and in the wholesale sector, half of the business will be from original product development. ADIRON's sales target is 10 billion yen in three years. ADIRON will also seek to stage an IPO to increase its presence in society as a pioneer in life culture.



●取扱いブランド



**Ajioka Corporation**

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

**AJIOKA**

Ajioka Corporation is a company with traditional strengths in the area of branded leather accessories such as wallets and purses, and it is the largest manufacturer and wholesaler in this sector. Ajioka will have a strategic alliance with ADIRON in product planning and joint development of sales systems in their common area of fashion goods.



**Mont-Thabor Co., Ltd.**

<http://www.mont-thabor.co.jp/>

*Mont-Thabor*



Kiba Bakery Store

Mont-Thabor makes its bread products right from the flour stage, a system known as a "scratch" bakery. It has become a high-grade bakery chain with about 100 stores in operation. Starting last year, Mont-Thabor has been closing down its unprofitable stores, while opening new stores, including one in Atsubetsu (Hokkaido) in September 2003 and one in Kiba (Tokyo) in November 2003. In December 2004, it intends to open an outlet in the new terminal of Tokyo International Airport (Haneda).

Based on the know-how it has accumulated over 27 years, the company has entered into a new stage, including the creation of a new genre of customer-oriented bakery stores, as well as eat-in restaurants focused on bread products, and OEM supply services to famous restaurants. Based on these three concepts, Mont-Thabor plans to establish large-scale roadside stores this financial year.

Drawing on the outstanding bread-making expertise it has acquired, Mont-Thabor is developing new business operations under the themes of Trust, Safety, and Healthiness, and it intends to evolve still further.

● The four main features of Mont-Thabor are:

- 1 **Taste** Insistence on freshly made products. Mont-Thabor has an extensive baking schedule, and so fresh products are available at all times.
- 2 **Hand-made** Insistence on a scratch bakery system. (Everything is done from scratch). Mont-Thabor carries out the entire baking process, from flour mixing to dough preparation and baking, to perfection in its own kitchens, and so its bread is really fresh.
- 3 **Natural ingredients** Insistence on natural salt, and using only sun-dried natural salt. This contains an abundance of minerals, and so the natural goodness is preserved.
- 4 **Safety** Insistence on reliable materials. Even if it costs more, Mont-Thabor rigorously selects only safe and reliable ingredients to reassure consumers.

**Joraku Shuzo Co., Ltd.**

<http://village.infoweb.ne.jp/~fvgn8920/>



Joraku Shuzo is an untypical distillery company in that it holds production and sales licenses both for full-flavor distilled spirits (Kuma) and for a range of liqueurs. Joraku Shuzo was the first company in Japan to succeed in storing distilled spirits in barrels made of oak, and it currently has 800 oak barrels with a total capacity of 600,000 liters, the largest storage capacity in this sector.

The company's main product "Aki-no-tsuyu" is a distilled spirit made of 100% carefully selected rice and groundwater from the Kuma River basin.

This spirit is then matured in oak barrels for a long period of time. This brand has such an excellent reputation for quality that it has won the superior quality prize for 15 consecutive years at the official contest held annually at Kumamoto District National Tax Bureau.

The distillery is environmentally friendly and makes exceptionally good distilled spirit. The company is seeking to open up new markets, and it has developed health drinks and medicinal spirits made from Ganoderma fungi.

This company is very strict about its raw materials, quality levels and production methods. It does not mass-produce its spirits, but still employs traditional distilling methods to ensure total consumer satisfaction.



**Kyorei Co., Ltd.**

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

**キョウレイ**



Kyorei is a foodstuff trading company specializing in fish farming, the import of fresh and frozen fish, and the manufacture of processed marine products. It operates with a focus on providing safe, fresh food. In today's world, food safety is an issue of increasing importance, and the need for traceability is growing. Kyorei places maximum emphasis on traceability, and concentrates on land-based fish farming rather than the conventional sea-based system. The business model is for the young fry fish to be fed on feed made by Kyorei. When they have grown, the fish are shipped to markets while fresh.

In fiscal 2004, the firm will strengthen its operations to supply marine products from Hokkaido.

# Operational Review (consolidated)

## Operational performance and outlook

### • Net Sales

Looking at consolidated results for fiscal 2003, marine operation sales declined. However, investment operation sales met initial targets. Revenue was bolstered with Mont-Thabor and ADIRON, being consolidated subsidiaries. As a result, consolidated sales amounted to 12.575 billion yen (compared with 1.49 billion yen fiscal 2002). This represented a year-on-year increase of 843.5%.

### • Operating Income

Turning to income, an increase in capital gains generated by liquidating some of investment securities in our investment operations contributed to robust operating income, which reached 1.226 billion yen (compared with an operating loss of 423 million yen in fiscal 2002).

### • Net Income

We posted an extraordinary loss of 638 million yen (including a loss on valuation of investment securities of 263 million yen and a loss on transfer to reserve for latent loan losses of 316 million yen). Despite this, we achieved net income of 523 million yen for fiscal 2003 (compared with a net loss of 2.594 billion yen in fiscal 2002). On August 11, 2003, we reduced our capital by 3.05 billion yen, eliminating the accumulated losses that were present at the start of the fiscal year.

### • Outlook for Fiscal 2004

In our mainstay investment operations, we continue to seek new opportunities for investment. Moreover, some of our invested companies are expected to launch IPOs toward the end of fiscal 2004, and this should result in a large capital gain.

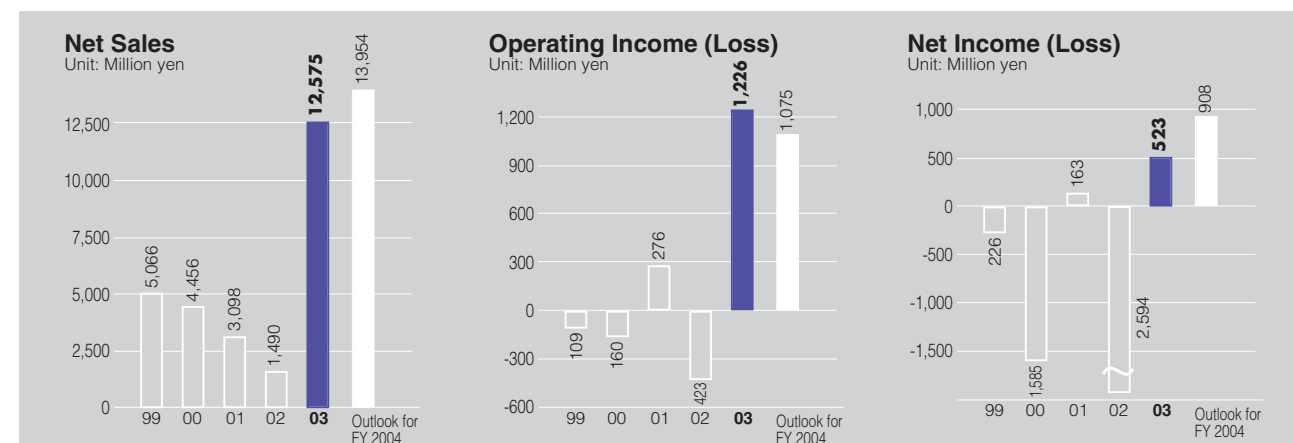
In our marine operations, we will undertake a comprehensive review and move rapidly towards a return to profitability.

Looking at our life industries operations, Mont-Thabor is setting up new bakery stores, and its business is expanding. ADIRON, in addition to its existing wholesale operations, is also operating a retail business, and it is developing original brands and products.

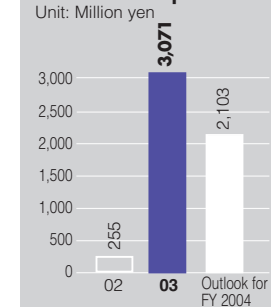
Joraku Shuzo is a long-standing distillery company. In the next consolidated accounting year to March 2005, it will be included in our consolidated accounts and also included in our alcohol production and sales operations.

Looking at consolidated performance in fiscal 2004, as our loss on evaluation of investment securities related to our acquisitions and the burden of the reserve for losses on investments will have run their course, we forecast net sales of 13.954 billion yen, ordinary income of 1.05 billion yen, and net income of 980 million yen.

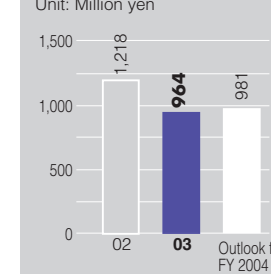
Forward-looking statements such as outlooks for performance are based on information currently available as of the date of compilation of this report, and so various factors may change.



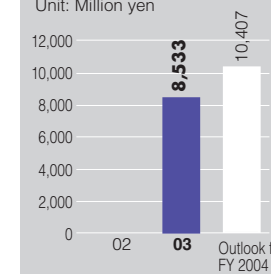
## Investment operations



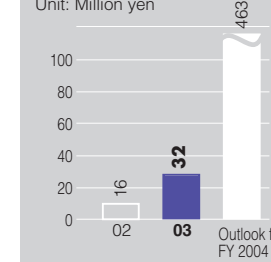
## Marine operations



## Life Industries operations



## Other operations



## Net Sales by Operations and Outlook

### • Investment Operations

With the sale and management of investment securities, the Investment Operations division contributed to profits and the recovery of invested funds.

During the term, we established an Operations Development division, and this succeeded in developing new projects and also functioned as a mechanism to implement M&A operations. This led to the complete transfer of business rights of ADIRON to BSL. BSL also invested capital in Ajioka (a leader in the fashion goods sector) and participated in the management of the company. It also brought about the establishment of a new company, Green Dyflex, through a joint investment made by BSL and Dyflex Holdings, the domestic leader in waterproofing technology and a manufacturer of urethane waterproofing building materials. Green Dyflex commenced full-scale operations including roof greening projects in November, 2003.

We also entered into a business alliance, including a capital tie-up with Eastpoint Capital, a US investment company. This company underwrote an entire issue of BSL Euro-Yen denominated convertible bonds with stock acquisition rights issued in February, 2004. Based on this alliance, we will cooperate to identify and investigate investment opportunities in the United States and Japan. When suitable opportunities are found, we will invest jointly. We acquired a stake in Summit Design Technologies, a holding company which holds a 100% share of Summit Design. Summit Design creates software tools to facilitate the design of electronic circuitry, and it operates both in the United States and in Japan. This has increased our investment presence in IT, a major growth sector.

### • Marine Operations

The marine fisheries sector continues to contend with an adverse business climate. Nevertheless, operations including fishing nets and fishing related materials produced higher sales. However, sales of land-based materials decline. Demand for marine foods and fish feed continued to be impacted by the deflationary recession, and so the operating environment remained difficult.

We engaged in proactive sales directed at existing customers in the area of new environment-related products.

### • Life Industries Operations

Mont-Thabor is a company operating a nationwide scratch bakery chain, and at the end of fiscal 2002, it became a consolidated subsidiary of BSL. A major reform of the organization of Mont-Thabor was undertaken to enable it to respond swiftly to changes in customer needs, and its sales capabilities were also strengthened. We also revitalized existing bakery stores and expedited new operations and the development of new business lines. In November, 2003, Mont-Thabor opened a bakery cafe in Fukagawa Gatharia, a large commercial complex in East Tokyo. These measures are allowing us to effectively diversify our bakery store operations.

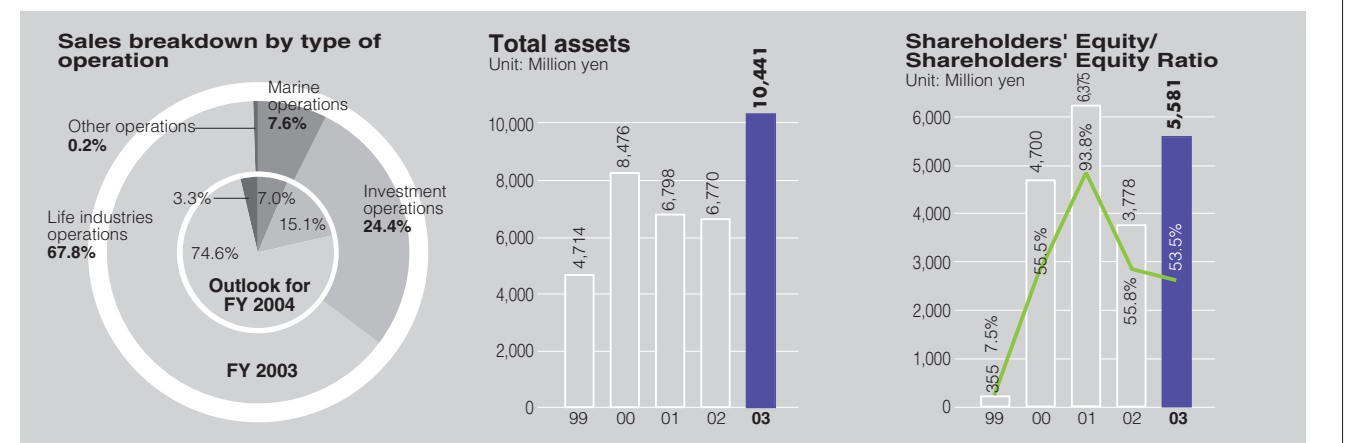
ADIRON handles a large range of fashion goods, including imported brand handbags such as Marie Claire. In July 1, 2003, ADIRON was included among the consolidated subsidiaries of BSL. ADIRON sells its merchandise to 800 department stores and specialty stores nationwide. After transferring its business rights to BSL, we have established a 3-year term business strategy in consultation with advisers and consultants. Based on this strategy, ADIRON will strengthen its brands. Since March, 2004, ADIRON has been operating based on a new management plan under a new management team.

### • Other Operations

The Company's real estate operations were terminated with the sale of a retail condominium held as a fixed asset at the beginning of fiscal 2003.

We also established BSL Insurance Corporation, an insurance agency, in a joint investment operation with four insurance companies (Nipponkoa Insurance Co., Ltd., Aioi Insurance Co., Ltd., The Asahi Fire & Marine Insurance Co., Ltd., and The Kyoei Fire & Marine Insurance Co., Ltd.).

BSL Insurance is involved in an array of operations, including customized insurance for our own holdings and for other companies.



# Financial Statements

## Consolidated Balance Sheets (Summary)

BSL CORPORATION and Consolidated Subsidiaries  
As of March 31, 2004 (FY 2003) and 2003 (FY 2002)

	Unit: Millions of Yen			Unit: Millions of Yen	
	FY 2003	FY2002		FY 2003	FY2002
<b>Assets</b>			<b>Liabilities</b>		
Current assets	7,188	3,644	Current liabilities	3,696	2,418
Cash and deposits	2,006	1,167	Accounts payable	1,631	579
Notes and accounts receivable	3,805	1,461	Short-term borrowings	1,357	1,212
Inventories	586	155	Current portion of long-term debt	99	114
Others	1,442	1,192	Accrued liabilities	267	184
Allowance for doubtful accounts	△ 651	△ 332	Others	341	327
Fixed assets	3,252	3,125	Fixed liabilities	1,162	543
Tangible fixed assets	567	658	Convertible bonds	340	340
Buildings and structures	230	285	Long-term debt	627	24
Machinery, equipment and vehicles	78	92	Liabilities for retirement benefits	142	124
Tools, equipment and fittings	52	49	Others	51	53
Land	206	230	Total liabilities	4,859	2,961
Intangible fixed assets	74	78			
Investments and other assets	2,610	2,389	<b>Minority Interests</b>		
Total assets	10,441	6,770	Minority Interests	0	29
			<b>Shareholders' equity</b>		
			Capital stock	4,202	6,614
			Advance payment for new stock	-	0
			Capital surplus	652	10
			Retained earnings	736	△ 2,831
			Unrealized gain on other securities	3	△ 12
			Common stock	△ 13	△ 1
			Total shareholders' equity	5,581	3,778
			Total liabilities, Minority Interests and Shareholders' equity	10,441	6,770

Note: Amounts less than 1 million yen are omitted

### POINT

#### • Situation regarding assets, liabilities and capital

At the end of the consolidated fiscal year, current assets increased by 3.544 billion yen, fixed assets rose by 126 million yen, and the total increase stood at 3.67 billion yen over the position at the end of fiscal 2002.

Current liabilities increased by 1.278 billion yen, fixed liabilities were up 618 million yen and the total increase in liabilities stood at 1.897 billion yen. Looking at shareholders' equity, our capital stock decreased by 2.411 billion yen, but capital surplus increased by 641 million yen. In addition, retained earnings rose 3.568 billion yen, and so shareholders' equity was up by 1.82 billion yen.

## Consolidated Statement of Income (Summary)

BSL CORPORATION and Consolidated Subsidiaries  
For the years ended March 31, 2004 (FY2003) and 2003 (FY2002)

	Unit: Millions of Yen	
	FY 2003	FY2002
<b>Profit and Loss</b>		
Revenue	12,575	1,490
Cost of revenue	9,114	1,240
Gross profit	3,460	250
Sales and general / administrative expenses	2,234	673
Operating profit (loss)	1,226	△ 423
Non-operating income	59	11
Non-operating expenses	89	3
Ordinary profit (loss)	1,196	△ 415
<b>Extraordinary items</b>		
Extraordinary income	19	2
Extraordinary expense	638	2,174
Income (loss) before taxes	577	△ 2,586
Taxes	83	7
Minority shareholders' equity	△ 28	0
Net income (net loss)	523	△ 2,594

Note: Amounts less than 1 million yen are omitted

### POINT

#### • Important events affecting cash flow in fiscal 2004

As the recovery of funds earned from the sale of investment securities proceeded smoothly, the financial resources to conduct our operations and nurture our consolidated subsidiaries have been retained in adequate amounts.

We are diversifying the sources from which we procure funds required to expand the operations of our consolidated subsidiaries. Currently, however, BSL, the parent company has no interest bearing debt from financial institutions, and we intend to maintain this policy of interest bearing debt-free operation.

## Consolidated Surplus (Summary)

BSL CORPORATION and Consolidated Subsidiaries  
For the years ended March 31, 2004 (FY 2003) and 2003 (FY 2002)

	Unit: Millions of Yen	
	FY 2003	FY2002
<b>Capital surplus</b>		
Capital surplus balance at beginning of term	10	750
Increase in capital surplus	641	10
Decrease in capital surplus	-	750
Capital surplus balance at end of term	652	10
<b>Retained earnings</b>		
Retained earnings balance at beginning of term	△ 2,831	△ 988
Increase in retained earnings	3,570	750
Decrease in retained earnings	1	2,594
Retained earnings balance at end of term	736	△ 2,831

Note: Amounts less than 1 million yen are omitted

## Consolidated Statements of Cash Flow (Summary)

BSL CORPORATION and Consolidated Subsidiaries  
For the years ended March 31, 2004 (FY 2003) and 2003 (FY 2002)

	Unit: Millions of Yen	
	FY 2003	FY2002
Cash flow from operating activities	△ 1,025	219
Cash flow from investment activities	△ 322	25
Cash flow from financing activities	2,096	20
Translation difference of cash and cash equivalents	-	-
Net increase in cash and cash equivalents	748	265
Cash and cash equivalents at beginning of year	611	283
Increase in cash and cash equivalents due to change in consolidated scope	6	62
Cash and cash equivalents at end of year	1,366	611

Note: Amounts less than 1 million yen are omitted

## Financial Statements

### Non-Consolidated Balance Sheets (Summary)

As of March 31, 2004 (FY 2003) and 2003 (FY 2002)

	Unit: Millions of Yen	
	FY 2003	FY2002
<b>Assets</b>		
Current assets	3,704	1,014
Cash and deposits	1,159	544
Notes and accounts receivable	2,298	284
Inventories	109	139
Others	165	52
Allowance for doubtful accounts	△ 27	△ 5
Fixed assets	2,856	2,752
Tangible fixed assets	281	359
Buildings and structures	55	109
Machinery and equipment	2	2
Land	206	230
Others	17	16
Intangible fixed assets	12	8
Investments and other assets	2,562	2,384
<b>Total assets</b>	<b>6,560</b>	<b>3,766</b>

Note: Amounts less than 1 million yen are omitted

	Unit: Millions of Yen	
	FY 2003	FY2002
<b>Liabilities</b>		
Current liabilities	922	148
Accounts payable	844	89
Others	77	58
Fixed liabilities	63	54
Liabilities for retirement benefits	63	52
Deposits received as guarantee	0	2
<b>Total liabilities</b>	<b>985</b>	<b>203</b>
<b>Shareholders' equity</b>		
Capital stock	4,202	6,614
Advance payment for new stock	-	0
Capital surplus	652	10
Retained earnings	728	△ 3,046
Unrealized gain on other securities, etc.	4	△ 12
Common stock	△ 13	△ 1
<b>Total shareholders' equity</b>	<b>5,574</b>	<b>3,563</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,560</b>	<b>3,766</b>

### Non-Consolidated Statement of Income (Summary)

For the years ended March 31, 2004 (FY 2003) and 2003 (FY 2002)

	Unit: Millions of Yen	
	FY 2003	FY2002
Operating income	4,029	1,477
Operating expenses	2,917	1,906
Operating profit (loss)	1,112	△ 429
Non-operating income	31	10
Non-operating expenses	25	1
Ordinary profit (loss)	1,118	△ 420
Extraordinary income	90	2
Extraordinary expenses	473	2,468
Income (loss) before taxes	734	△ 2,887
Taxes	5	7
Net income (net loss)	728	△ 2,894
Deficit at beginning of fiscal year	3,046	152
Amount of capital stock reduction used to offset deficits	3,046	-
Undisposed profits at end of fiscal year (unabsorbed loss)	728	△ 3,046

Note1: Net sales of subsidiaries and affiliates

Note2: Cost of goods brought in from subsidiaries and affiliates

### Disposal of Unconsolidated Profit (Loss)

	Unit: Millions of Yen	
	FY 2003	FY2002
Disposable profit (loss) at end of fiscal year 2003	728	△ 3,046
to be distributed as follows:		
Legal reserve	35	-
Dividend	299	-
Directors' bonuses	55	-
Profits carried forward to next fiscal year	338	-
Losses carried forward to next fiscal year	-	3,046
Note1: Cumulative depreciation on tangible fixed assets	77	245
Note2: Net income per share (loss)	4.95 yen	△21.63 yen
Note3: Net assets as defined in Article 124-3 of Japan's Commercial Code	4	△ 12

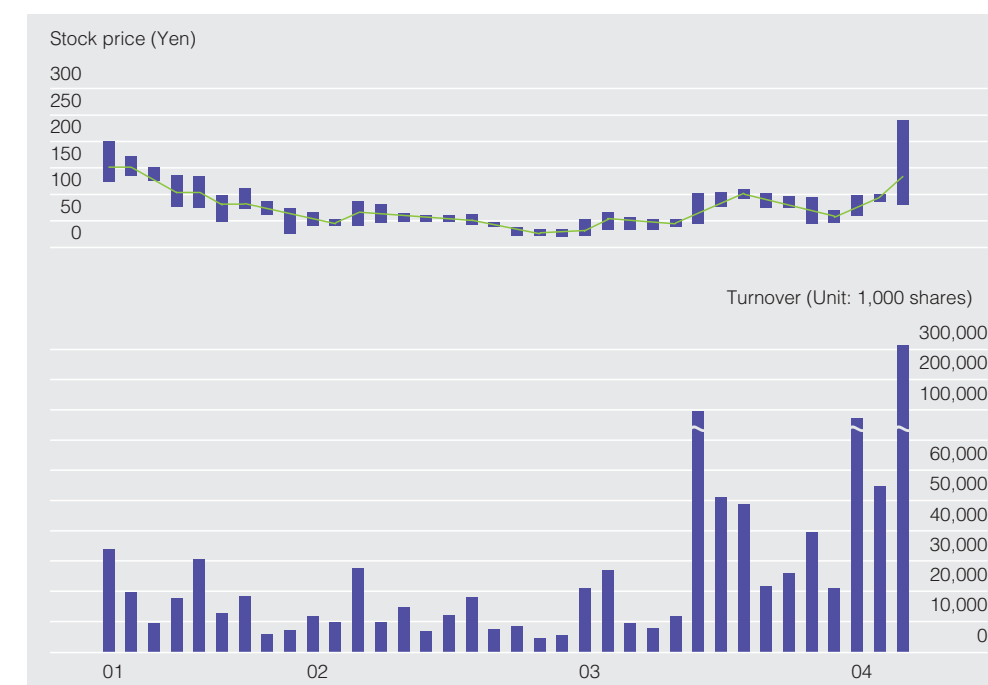
## Stock Information As of March 31, 2004

Total number of authorized shares	468,232,000
Total number of shares issued and outstanding	150,016,364
Number of shareholders	11,487

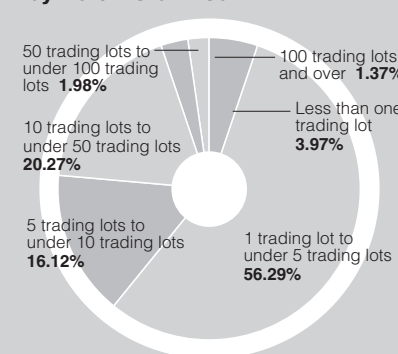
### Principal shareholders (Top 7)

Name of shareholders	Shares held	Voting right (%)
Japan Securities and Finance Corporation	14,016,000	9.38
SIS SegalInterSettle AG	5,817,400	3.89
LGT Bank in Lichtenstein Ltd.	3,977,250	2.66
Matsui Securities Co., Ltd.	3,454,000	2.31
LMI Corporation	3,045,000	2.03
Shin Takahashi	2,461,000	1.64
Dyflex Holdings	2,453,000	1.64

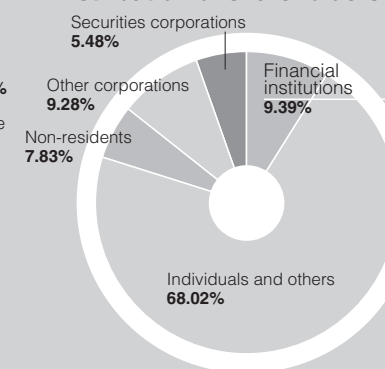
### Stock Price and Turnover Trends



#### Breakdown of shareholders by volume owned



#### Distribution of shareholders



#### Distribution of shareholders (number) by region

