

# Consolidated Statements of Shareholders' Equity

THE SEIYU, LTD. AND SUBSIDIARIES

For the years ended 28th February, 1999, 29th February, 2000 and 28th February, 2001

|  | Number of Shares Issued and Outstanding (thousands) | Millions of Yen |                            |                            |                  | Retained Earnings (Deficit) |
|--|---|-----------------|----------------------------|----------------------------|------------------|-----------------------------|
|  |   | Common Stock    | Additional Paid-in Capital | Excess of Land Revaluation |                  |                             |
| <b>Balance at 28th February, 1998</b> .....  | 224,721   | ¥11,706         | ¥47,270                    | ¥ —                        | ¥(43,549)        |                             |
| Net income for the year ended 28th February, 1999 .....                              | —   | —               | —                          | —                          | 1,814            |                             |
| Directors' and corporate auditors' bonuses .....                                     | —   | —               | —                          | —                          | (16)             |                             |
| Increase due to change of ownership percentage in consolidated subsidiaries .....    | —   | —               | —                          | —                          | 155              |                             |
| Decrease due to new share issue to a third party by consolidated subsidiaries .....  | —   | —               | —                          | —                          | (76)             |                             |
| Decrease due to new application of the equity method for an affiliate .....          | —   | —               | —                          | —                          | (23)             |                             |
| <b>Balance at 28th February, 1999</b> .....  | 224,721   | 11,706          | 47,270                     | —                          | (41,695)         |                             |
| Net loss for the year ended 29th February, 2000 .....                                | —   | —               | —                          | —                          | (13,032)         |                             |
| Prior year adjustments for retroactive recognition                                   |   |                 |                            |                            |                  |                             |
| of deferred tax by affiliates .....  | —   | —               | —                          | —                          | 129              |                             |
| Increase due to new share issue to a third party by a consolidated subsidiary .....  | —   | —               | —                          | —                          | 2,700            |                             |
| Increase due to merger of an affiliate .....   | —   | —               | —                          | —                          | 6                |                             |
| Decrease due to inclusion of additional subsidiaries in the consolidation .....      | —   | —               | —                          | —                          | (2,817)          |                             |
| Decrease due to exclusion of subsidiaries from the consolidation .....               | —   | —               | —                          | —                          | (32)             |                             |
| Decrease due to exclusion of an affiliate for application of the equity method ..... | —   | —               | —                          | —                          | (1,649)          |                             |
| Decrease due to change of ownership percentage .....                                 | —   | —               | —                          | —                          | (136)            |                             |
| New share issue to third parties on 31st August, 1999 .....                          | 41,151  | 10,000          | 10,000                     | —                          | —                |                             |
| <b>Balance at 29th February, 2000</b> .....  | 265,872   | 21,706          | 57,270                     | —                          | (56,526)         |                             |
| Net income for the year ended 28th February, 2001 .....                              | —   | —               | —                          | —                          | 317              |                             |
| Prior year adjustments for retroactive recognition of deferred tax .....             | —   | —               | —                          | —                          | 1,424            |                             |
| Transfer from additional paid-in capital .....                                       | —   | —               | (20,754)                   | —                          | 20,754           |                             |
| Directors' and corporate auditors' bonuses .....                                     | —   | —               | —                          | —                          | (14)             |                             |
| Decrease due to merger of a consolidated subsidiary .....                            | —   | —               | —                          | —                          | (276)            |                             |
| Decrease due to inclusion of additional subsidiaries in the consolidation .....      | —   | —               | —                          | —                          | (32)             |                             |
| Excess of land revaluation .....   | —   | —               | —                          | (3,532)                    | —                |                             |
| New share issue to third party on 28th April, 2000 .....                             | 72,000  | 7,848           | 7,775                      | —                          | —                |                             |
| <b>Balance at 28th February, 2001</b> .....  | <b>337,872</b>                                      | <b>¥29,554</b>  | <b>¥44,291</b>             | <b>¥(3,532)</b>            | <b>¥(34,354)</b> |                             |

|   | Number of Shares Issued and Outstanding (thousands) | Thousands of U.S. Dollars (Note 1) |                            |                            |                    | Retained Earnings (Deficit) |
|---|---|------------------------------------|----------------------------|----------------------------|--------------------|-----------------------------|
|   |   | Common Stock                       | Additional Paid-in Capital | Excess of Land Revaluation |                    |                             |
| <b>Balance at 29th February, 2000</b> .....                                     | 265,872   | \$186,473                          | \$492,008                  | \$ —                       | \$(485,620)        |                             |
| Net income for the year ended 28th February, 2001 .....                         | —   | —                                  | —                          | —                          | 2,725              |                             |
| Prior year adjustments for retroactive recognition of deferred tax .....        | —   | —                                  | —                          | —                          | 12,235             |                             |
| Transfer from additional paid-in capital .....                                  | —   | —                                  | (178,300)                  | —                          | 178,300            |                             |
| Directors' and corporate auditors' bonuses .....                                | —   | —                                  | —                          | —                          | (120)              |                             |
| Decrease due to merger of a consolidated subsidiary .....                       | —   | —                                  | —                          | —                          | (2,370)            |                             |
| Decrease due to inclusion of additional subsidiaries in the consolidation ..... | —   | —                                  | —                          | —                          | (281)              |                             |
| Excess of land revaluation .....  | —   | —                                  | —                          | (30,341)                   | —                  |                             |
| New share issue to third party on 28th April, 2000 .....                        | 72,000  | 67,423                             | 66,804                     | —                          | —                  |                             |
| <b>Balance at 28th February, 2001</b> .....                                     | <b>337,872</b>                                      | <b>\$253,896</b>                   | <b>\$380,512</b>           | <b>\$(30,341)</b>          | <b>\$(295,132)</b> |                             |

The accompanying notes are an integral part of these statements.