

## IRCJ approves application for assistance for Yagami Shoji K.K.

**Tokyo, October 31, 2003** – The Industrial Revitalization Corporation of Japan (“the IRCJ”) today approved an application by Yagami Shoji K.K. (“Yagami Shoji”) under Article 22, Clause 3 of the Industrial Revitalization Corporation Act of 2003.

### 1. Outline of business approved for assistance

Company name	Yagami Shoji K.K.
Date of establishment	1871
Capital	¥99.65 million
Head office	972 Anada-cho, Seto-shi, Aichi Prefecture, Japan
Representative	Takayasu Yagami
Number of employees	183
Outline of business	Wholesaler of medical hygiene goods

In the year to June 2003 the sales breakdown of goods handled by Yagami Shoji was as follows: baby care goods (paper diapers etc.) 36%; healthcare goods 36%; nursing care goods and health goods 16%; detergents, household goods and stationery 10%; beauty care goods 1%.

As one of the leading wholesalers of medical hygiene goods and daily necessities in the Tokai and Chukyo regions of Japan, the company is a significant part of the region’s distribution infrastructure. Revitalization of the company has clear significance in terms of contributing to stability in the supply of lifestyle essentials to residents of these regions.

### 2. Name of financial institution or other party jointly submitting application

Juroku Bank, Ltd.

### 3. Outline of revitalization plan for Yagami Shoji and rationale for IRCJ involvement

#### 1. Structure

In order to ensure the stability of Yagami Shoji, in legal terms it will be split up (assimilated and split up) and a new company established by the sponsor, PIP-FUJIMOTO Co., Ltd., (Pip-Fujimoto). All operations will be transferred to the new successor company. Pip-Fujimoto will be a majority investor in the new company and it is also planned that Kobe Steel, Ltd. (to which Yagami Shoji is affiliated) and others will provide capital.

Following transfer of operations of Yagami Shoji to the new company, the former company will be dissolved.

#### 2. Outline of financial assistance

Yagami Shoji is requesting debt forgiveness of ¥3.346 billion from the financial institutions concerned.

#### 3. Business revitalization plan estimates

(Million yen)	Year ended June 2003	Year ending June 2007
Sales	11,744.4	9,084.3
Operating income (loss)	(203.2)	99.2
Ordinary income (loss)	(345.8)	65.5
Net income (loss)	(608.0)	31.7
Total interest bearing debt	5,950.3	1584.6

#### 4. Implications for Management

In order to clarify the responsibilities of management, the company’s former managers will have no involvement in the management of the new company and will be assigned to the dissolution of the former company.

#### 5. Implications for Shareholders

In order to clarify the responsibilities of shareholders, the former company will be dissolved following separation. As it is expected that there will be no residual assets, no dividend to shareholders upon dissolution is expected, and in this way shareholders will fulfill their responsibilities.

#### 6. IRCJ rationale for providing assistance

The causes of the company's predicament include its failure to appeal effectively to newly emerging drugstore and other customers, steadily losing business amid price competition, and the failure of their attempt to use the new distribution center to revive business.

However, the capital support provided to the business by manufacturers indicates a strong recognition among its business partners of the need for the company's distribution network in the Chukyo region. Furthermore, through integration of the inefficient distribution center with sponsor Pip-Fujimoto and other measures, personnel and non-personnel costs can be rationalized. In consequence, we believe it is very likely that through its own efforts the business will be able to be profitably rebuilt.

#### 4. **Comments the State Minister In Charge Of Industrial Revitalization And Administrative Reforms and from the minister relevant to the company seeking assistance**

None expressed

\*Note on comments from ministers:

The IRCJ is a quasi-governmental organization. As such it is IRCJ policy to obtain comments about decisions to assist private-sector companies from the government ministries that regulate the industries in which these companies operate.

#### 5. **Debt repurchase application period**

October 31, 2003 to December 1, 2003 (applications must arrive at the IRCJ on or before this date)

\* Note: The debt repurchase application period is a period established for the purpose of consensus building between the financial institutions concerned and the IRCJ in regard to debt repurchase and the revitalization plan. This period is so named because, where agreement is achieved in legal terms, the financial institutions concerned apply to the IRCJ for debt repurchase etc.

#### 6. **Request for temporary cessation of demands for credit repayment**

Under Article 24, Clause 1 of the Industrial Revitalization Corporation Act, financial institutions and other creditors of Yagami Shoji have been requested not to recover loans or exercise any other rights they may have as creditors before the end of the debt repurchase application period on December 1, 2003, as per item 5 above.

#### 7. **Treatment of trade and other creditors**

The decision to provide assistance concerns only the request for financial support made to financial institutions in regard to amounts lent to the assisted business and has no effect on the claims of trade and other creditors.

#### **For more information, please contact**

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The Industrial Revitalization Corporation of Japan  
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#### **About the IRCJ**

The IRCJ was established jointly by the public and private sector on April 16, 2003, with the aim of providing revitalization assistance beneficial to both the industrial and the financial sectors in Japan. It targets assistance at companies that have sound business fundamentals but are unable to thrive because of excessive debt levels or other factors. The IRCJ has approximately 130 employees and is based in Tokyo. For more information please visit [www.ircj.jp](http://www.ircj.jp)