

# Consolidated Financial Statements

## for the year ended March 31,2008

Sansei Yusoki Co., Ltd

## Consolidated Balance Sheets

	As of March 31 2007		As of March 31 2008		
	Unit 1000 Yen	(%)	Unit 1000 Yen	(%)	
<b>ASSETS</b>					
Current assets					
Cash on hand and in banks		7,926,654		6,497,946	
Trade notes and accounts receivables		4,559,244		3,571,684	
Marketable securities		1,778,925		1,667,133	
Inventories		1,043,031		1,096,398	
Deferred tax assets		231,080		221,421	
Other current assets		42,076		166,918	
Allowance for doubtful accounts		5,682		1,891	
Total current assets		15,575,330	53.9	13,219,610	47.5
Fixed assets					
Tangible fixed assets					
Buildings and structures	2,928,498		3,097,043		
Accumulated depreciation	1,266,016	1,662,481	1,356,179	1,740,863	
Machinery and equipment	891,646		720,281		
Accumulated depreciation	677,385	214,261	587,677	132,603	
Land		2,745,757		2,812,737	
Construction in progress		230,079		2,216,262	
Other tangible fixed assets	510,174		489,022		
Accumulated depreciation	390,373	119,801	349,135	139,887	
Total tangible fixed assets		4,972,382	17.2	7,042,355	25.3
Intangible fixed assets		96,752	0.4	80,549	0.3
Investments and advances					
Investments in securities		6,211,133		5,703,853	
Long-term loans receivable		50,708		55,601	
Deferred tax assets		259,333		115,516	
Other assets		1,731,060		1,651,436	
Allowance for doubtful accounts		15,185		13,994	
Total investments and advances		8,237,049	28.5	7,512,414	26.9
Total fixed assets		13,306,184	46.1	14,635,319	52.5
Total assets		28,881,514	100.0	27,854,930	100.0

# Sanseiyusoki Co.,Ltd

	As of March 31 2007		As of March 31 2008	
	Unit 1000 Yen	(%)	Unit 1000 Yen	(%)
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities				
Notes and accounts payable	1,706,883		1,175,242	
Accrued income taxes	449,810		466,919	
Advances received	813,656		403,470	
Accrued bonuses for employees	275,833		284,961	
Accrued bonuses for directors	20,000		24,000	
Provision for losses on contracts	75,304		12,079	
Other current liabilities	376,982		365,531	
Total current liabilities	3,718,472	12.9	2,732,206	9.8
Fixed liabilities				
Long-term accounts payable	557,297		462,477	
Accrued retirement benefits	715,647		756,897	
Other fixed liabilities	380,761		282,443	
Total fixed liabilities	1,653,706	5.7	1,501,819	5.4
Total liabilities	5,372,178	18.6	4,234,025	15.2
<b>NET ASSETS</b>				
Shareholders' equity				
Common stock				
Authorized-39,000,000 shares				
Issued-19,332,057 shares	3,251,279	11.3	3,251,279	11.7
Capital surplus	2,989,057	10.4	2,989,057	10.7
Retained earnings	15,089,229	52.2	15,351,320	55.1
Treasury stock at cost	57,655	0.2	63,200	0.2
Total shareholders' equity	21,271,910	73.7	21,528,456	77.3
Net unrealized gains on securities	802,515	2.7	568,933	2.0
Minority interests	1,434,910	5.0	1,523,514	5.5
Total net assets	23,509,335	81.4	23,620,905	84.8
Total liabilities and net assets	28,881,514	100.0	27,854,930	100.0

## Consolidated Statements of Income

	As of March 31 2007		As of March 31 2008			
	Unit 1000 Yen	(%)	Unit 1000 Yen	(%)		
Net sales		13,117,420	100.0		13,613,120	100.0
Cost of sales		9,659,649	73.6		9,355,709	68.7
Selling, general and administrative expenses		2,030,711	15.5		2,194,444	16.1
Operating income		1,427,059	10.9		2,062,967	15.2
Other income						
Interest and dividend income	73,865				123,267	
Other	76,357	150,224	1.1	183,728	306,996	2.2
Other expenses						
Interest expense	1,504				1,529	
Other	6,309	7,815	0.0	8,506	10,035	0.1
Ordinary profit		1,569,468	12.0		2,359,928	17.3
Extraordinary profit						
Gain on sales of fixed assets					9,408	
Profit on transfer of business	213,644					
Gain on sale of investments in securities	7,102				12,172	
Reversal of allowance for doubtful receivables	2,624				4,982	
Profit from initiation fee on withdrawal	19,350					
Other	1,000	243,721	1.8		26,563	0.2
Extraordinary expenses						
Loss on sale of investments in securities	—				252	
Loss on sale of fixed assets	1,831				39,194	
Loss on disposal of fixed assets	321				8,558	
Write-down of investment securities	—				413,905	
Loss on retirement of materials	2,666				6,626	
Payment of compensation	—				85,793	
Other	21,000	25,819	0.2	25,435	579,765	4.2
Income before income taxes and minority		1,787,371	13.6		1,806,726	13.3
Income taxes						
Current	560,584				785,923	
Deferred	133,453	694,038	5.3	235,442	1,021,366	7.5
Minority interests in net income of consolidated subsidiaries		85,546	0.6		138,358	1.0
Net income		1,007,785	7.7		647,002	4.8

## Consolidated Statements of Cash Flows

	As of March 31 2007	As of March 31 2008
	Unit 1000 Yen	Unit 1000 Yen
<b>Operating activities</b>		
Income before income taxes and minority interest	1,787,371	1,806,726
Depreciation and amortization	228,236	137,843
Decrease in accrued retirement benefits for employees	13,340	41,250
long-term accrued amount payable	53,700	94,820
Increase in Allowance for doubtful accounts	2,624	4,982
interest and dividend income	73,866	123,267
interest cost	1,504	1,529
Gain on sale of marketable securities	4,041	
Write-down of investment securities		413,905
Gain on sale of investments in securities	7,102	12,172
Gain on sale of property and equipment		9,408
Loss on sale of property and equipment		39,194
Loss on disposal of property and equipment	321	8,558
Loss on sale of intangible fixed assets	1,831	
Loss on retirement of materials	2,666	6,626
Profit from initiation fee on withdrawal	19,350	
Write-down of membership	21,000	
Profit on transfer of business	213,644	
Notes and accounts receivable	1,153,450	987,559
Inventories	23,852	59,992
Notes and accounts payable	916,128	563,141
Increase in advance receipt	153,752	410,185
Other.net	484,253	208,586
Bonuses paid to directors	74,300	
Sub total	1,724,676	1,956,636
interest and dividend income	75,221	125,342
Interest expense	1,504	1,529
Payment for income taxes	16,590	794,815
Net cash from operating activities	1,814,983	1,285,633
<b>Investing activities</b>		
Increase in time deposits	749,099	743,365
Decrease in time deposits	834,095	749,099
Payments for purchase of securities	999,028	300,179
Proceeds from sale of securities	1,069,212	669,714
Profit from initiation fee on withdrawal	20,000	
Purchases of investments in securities	1,779,811	599,900
Proceeds from sales of investments in securities	510,311	17,501
Payment for purchase of property and equipment	542,118	2,092,008
Acquisition of intangible fixed assets	60,705	8,550
Payments for loans receivable	12,350	20,500
Collections on loans	13,257	36,380
Proceeds from sale of securities transfer of business	806,083	
Net cash from investing activities	890,154	2,291,807
<b>Financing activities</b>		
Purchase of treasury stock	11,206	5,544
Cash dividends paid	294,167	409,556
Net cash from financing activities	305,374	415,100
Net increase in cash and cash equivalents	619,454	1,421,274
Cash and cash equivalents at beginning of the year	6,986,606	7,606,061
<b>cash and cash equivalents at end of the year</b>	<b>7,606,061</b>	<b>6,184,786</b>

**Consolidated Statements of Changes in Net Assets**

(Unit 1000 Yen)

	Common stock	Capital surplus	Retained earnings	Treasury stock
Balance at March 31,2007	3,251,279	2,989,057	15,089,229	57,655
Cash dividends			384,911	
Net income			647,002	
Treasury stock acquired				5,544
Balance at March 31,2008	3,251,279	2,989,057	15,351,320	63,200

	Total shareholders' equity	Net unrealized gains on securities	Minority interest in consolidated subsidiaries	Total Net Assets
Balance at March 31,2007	21,271,910	802,515	1,434,910	23,509,335
Cash dividends	384,911			384,911
Net income	647,002			647,002
Treasury stock acquired	5,544			5,544
Change in net unrealized gains on securities		233,581		233,581
Minority interest in consolidated subsidiaries			88,604	88,604
Balance at March 31,2008	21,528,456	568,933	1,523,514	23,620,905