Financial Data 2008

Sumikin Bussan Corporation

Contents

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 8,430**	¥ 12,141	**$ 84,136**
Marketable Securities (Note 3)	**16**		**157**
Receivables:			
Trade notes (Note 13)	**36,689**	51,749	**366,196**
Trade accounts (Note 12)	**220,555**	214,132	**2,201,364**
Unconsolidated subsidiaries and associated companies	**10,938**	10,434	**109,180**
Other	**36**	42	**365**
Allowance for doubtful receivables	**(3,094)**	(3,989)	**(30,883)**
Inventories	**54,618**	50,463	**545,144**
Advances to suppliers	**7,932**	27,948	**79,168**
Deferred tax assets (Note 9)	**2,144**	1,478	**21,395**
Prepaid expenses and other current assets	**1,924**	2,583	**19,207**
Total current assets	**340,188**	366,981	**3,395,429**
PROPERTY, PLANT AND EQUIPMENT (Notes 4 and 6):			
Land	**14,153**	13,887	**141,259**
Buildings and structures	**14,280**	13,789	**142,535**
Machinery and equipment	**11,192**	10,655	**111,707**
Furniture and fixtures	**4,841**	4,876	**48,321**
Construction in progress	**569**	139	**5,677**
Total	**45,035**	43,346	**449,499**
Accumulated depreciation	**(18,045)**	(17,356)	**(180,113)**
Net property, plant and equipment	**26,990**	25,990	**269,386**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 6)	**13,278**	18,681	**132,528**
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 3)	**16,558**	11,255	**165,265**
Long-term receivables	**281**	279	**2,812**
Goodwill	**445**	601	**4,447**
Deferred tax assets (Note 9)	**579**	616	**5,777**
Other assets	**9,403**	10,015	**93,850**
Allowance for doubtful receivables	**(5,675)**	(6,453)	**(56,646)**
Total investments and other assets	**34,869**	34,994	**348,033**
TOTAL	**¥ 402,047**	¥ 427,965	**$4,012,848**

See notes to consolidated financial statements.

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2008 and 2007

LIABILITIES AND EQUITY	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars (Note 1) 2008
CURRENT LIABILITIES:			
Short-term borrowings (Note 6)	**¥ 64,223**	¥ 62,130	**$ 641,012**
Current portion of long-term debt (Note 6)	**5,676**	6,772	**56,651**
Payables:			
Trade notes	**66,700**	82,397	**665,736**
Trade accounts (Note 12)	**173,650**	167,674	**1,733,207**
Unconsolidated subsidiaries and associated companies	**1,463**	1,345	**14,608**
Other	**972**	1,204	**9,700**
Advances from customers (Note 12)	**7,625**	27,892	**76,108**
Income taxes payable (Note 9)	**5,516**	5,015	**55,052**
Accrued expenses	**3,835**	3,636	**38,279**
Deferred tax liabilities (Note 9)	**3**	11	**32**
Other	**2,822**	1,954	**28,165**
Total current liabilities	**332,485**	360,030	**3,318,550**
LONG-TERM LIABILITIES:			
Long-term debt (Note 6)	**13,959**	15,397	**139,330**
Liability for retirement benefits (Note 7)	**3,040**	3,054	**30,344**
Negative goodwill	**434**	241	**4,330**
Deferred tax liabilities (Note 9)	**1,026**	2,884	**10,236**
Other	**1,272**	1,609	**12,692**
Total long-term liabilities	**19,731**	23,185	**196,932**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 10, 11 and 13)			
EQUITY (Notes 8 and 14):			
Common stock, authorized, 400,000,000 shares; issued, 164,534,094 shares	**12,336**	12,336	**123,125**
Capital surplus	**7,091**	7,088	**70,775**
Retained earnings	**26,607**	17,500	**265,563**
Land revaluation surplus (Note 8)	**77**	77	**764**
Net unrealized gain on available-for-sale securities (Note 3)	**2,126**	5,644	**21,219**
Foreign currency translation adjustments	**553**	541	**5,518**
Deferred(loss) gain on derivatives under hedge accounting	**(825)**	101	**(8,229)**
Treasury stock, at cost, 524,985 shares in 2008 and 446,818 shares in 2007	**(180)**	(137)	**(1,790)**
Total	**47,785**	43,150	**476,945**
Minority interests	**2,046**	1.600	**20,421**
Total equity	**49,831**	44,750	**497,366**
TOTAL	**¥ 402,047**	¥ 427,965	**$4,012,848**

See notes to consolidated financial statements.

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Income

Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
NET SALES (Note 12)	**¥1,314,974**	¥1,177,611	¥1,114,282	**$13,124,805**
COST OF SALES (Note 12)	**1,242,588**	1,108,085	1,046,225	**12,402,318**
Gross profit	**72,386**	69,526	68,057	**722,487**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 5)	**49,664**	49,535	52,783	**495,700**
Operating income	**22,722**	19,991	15,274	**226,787**
OTHER INCOME (EXPENSES):				
Interest and dividend income	**1,482**	1,511	1,126	**14,796**
Interest expense	**(4,055)**	(3,803)	(3,493)	**(40,475)**
(Loss) gain on sales of securities-net (Note 3)	**(240)**	(40)	146	**(2,395)**
Gain on sales of property, plant and equipment	**20**	491	548	**196**
Loss on sales of property, plant and equipment		(92)	(4,441)	
Loss on devaluation of investment securities (Note 3)	**(242)**	(47)	(326)	**(2,412)**
Impairment losses of fixed assets (Note 4)	**(56)**	(133)	(1,223)	**(563)**
Expenses for change in employees retirement benefits			(375)	
Amortization of negative goodwill	**90**	38	35	**897**
Other-net	**(43)**	166	903	**(421)**
Other expenses-net	**(3,044)**	(1,909)	(7,100)	**(30,377)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**19,678**	18,082	8,174	**196,410**
INCOME TAXES (Note 9):				
Current	**8,057**	5,923	2,475	**80,412**
Deferred	**397**	2,572	(467)	**3,966**
Total income taxes	**8,454**	8,495	2,008	**84,378**
MINORITY INTERESTS IN NET INCOME	**293**	126	126	**2,930**
NET INCOME	**¥ 10,931**	¥ 9,461	¥ 6,040	**$ 109,102**

	Yen			U.S. Dollars (Note 1)
PER SHARE OF COMMON STOCK (Note 2.o):				
Basic net income	**¥ 66.6**	¥ 64.1	¥ 40.8	**$ 0.66**
Cash dividends applicable to the year	**11.0**	10.0	6.0	**0.11**

See notes to consolidated financial statements.

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended March 31, 2008, 2007 and 2006

	Thousands	Millions of Yen		
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings
BALANCE, APRIL 1, 2005	147,054	¥ 8,077	¥ 2,824	¥ 3,843
Net income				6,040
Cash dividends				(661)
Effect of change in scope of consolidated subsidiaries				80
Purchase of treasury stock	(94)			
Disposal of treasury stock	9		2	
Net change in the year				
BALANCE, MARCH 31, 2006	146,969	¥ 8,077	¥ 2,826	¥ 9,302
Reclassified balance as of March 31. 2006				
Issuance of new shares	17,250	4,259	4,259	
Net income				9,461
Cash dividends				(1,175)
Bonuses to directors				(40)
Effect of change in scope of consolidated subsidiaries and associated companies				(45)
Land revaluation surplus				(3)
Purchase of treasury stock	(145)			
Disposal of treasury stock	13		3	
Net change in the year				
BALANCE, MARCH 31, 2007	164,087	¥ 12,336	¥ 7,088	¥ 17,500
Net income				10,931
Cash dividends				(1,805)
Effect of change in ownership ratio of an associated company				149
Effect of change in scope of an associated company				(168)
Purchase of treasury stock	(111)			
Disposal of treasury stock	33		3	
Net change in the year				
BALANCE, MARCH 31, 2008	164,009	¥ 12,336	¥ 7,091	¥ 26,607

	Thousands of U.S. Dollars (Note 1)		
	Common Stock	Capital Surplus	Retained Earnings
BALANCE, MARCH 31, 2007	$ 123,125	$ 70,742	$ 174,664
Net income			109,102
Cash dividends			(18,012)
Effect of change in ownership ratio of an associated company			1,485
Effect of change in scope of an associated company			(1,676)
Purchase of treasury stock			
Disposal of treasury stock		33	
Net change in the year			
BALANCE, MARCH 31, 2008	$ 123,125	$ 70,775	$ 265,563

See notes to Consolidated Financial Statements.

Millions of Yen							
Land Revaluation Surplus	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Deferred (Loss) gain on Derivatives under Hedge Accounting	Treasury Stock	Total	Minority Interests	Total Equity
¥ 95	¥ 2,239	¥ (379)		¥ (36)	¥ 16,663		¥ 16,663
					6,040		6,040
					(661)		(661)
					80		80
				(37)	(37)		(37)
				1	3		3
	2,357	604			2,961		2,961
¥ 95	¥ 4,596	¥ 225		¥ (72)	¥ 25,049		¥ 25,049
						¥ 1,515	1,515
					8,518		8,518
					9,461		9,461
					(1,175)		(1,175)
					(40)		(40)
					(45)		(45)
(18)					(21)		(21)
				(68)	(68)		(68)
				3	6		6
	1,048	316	¥ 101		1,465	85	1,550
¥ 77	¥ 5,644	¥ 541	¥ 101	¥ (137)	¥ 43,150	¥ 1,600	¥ 44,750
					10,931		10,931
					(1,805)		(1,805)
					149		149
					(168)		(168)
				(54)	(54)		(54)
				11	14		14
	(3,518)	12	(926)		(4,432)	446	(3,986)
¥ 77	¥ 2,126	¥ 553	¥ (825)	¥ (180)	¥ 47,785	¥ 2,046	¥ 49,831

Thousands of U.S. Dollars (Note 1)							
Land Revaluation Surplus	Net Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Deferred (Loss) gain on Derivatives under Hedge Accounting	Treasury Stock	Total	Minority Interests	Total Equity
$ 764	$ 56,339	$ 5,400	$ 1,013	$ (1,367)	$ 430,680	$ 15,965	$ 446,645
					109,102		109,102
					(18,012)		(18,012)
					1,485		1,485
					(1,676)		(1,676)
				(533)	(533)		(533)
				110	143		143
	(35,120)	118	(9,242)		(44,244)	4,456	(39,788)
$ 764	$ 21,219	$ 5,518	$ (8,229)	$ (1,790)	$ 476,945	$ 20,421	$ 497,366

SUMIKIN BUSSAN CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
OPERATING ACTIVITIES:				
Income before income taxes and minority interests	**¥ 19,678**	¥ 18,082	¥ 8,174	**$ 196,410**
Adjustments for:				
Income taxes-paid	**(7,572)**	(2,152)	(3,638)	**(75,572)**
Depreciation and amortization	**1,775**	1,755	1,672	**17,713**
(Reversal of) allowance for provision for doubtful receivables	**(1,679)**	(1,332)	266	**(16,760)**
Impairment losses on fixed assets	**56**	133	1,223	**563**
Loss (gain) on sales of securities-net	**240**	40	(146)	**2,395**
Loss on devaluation of investment securities	**242**	47	326	**2,412**
Gain on sales of property, plant and equipment	**(20)**	(491)	(548)	**(196)**
Loss on sales of property, plant and equipment		92	4,441	
Changes in assets and liabilities:				
Decrease (increase) in receivables	**10,737**	(24,286)	(8,137)	**107,169**
(Increase) decrease in inventories	**(3,855)**	1,574	(5,514)	**(38,480)**
(Decrease) increase in payables	**(10,353)**	12,969	6,624	**(103,338)**
Decrease in liability for retirement benefits	**(347)**	(235)	(1,026)	**(3,459)**
Other-net	**(1,186)**	803	5,654	**(11,844)**
Total adjustments	**(11,962)**	(11,083)	1,197	**(119,397)**
Net cash provided by operating activities	**7,716**	6,999	9, 371	**77,013**
INVESTING ACTIVITIES:				
Increase (decrease) in time deposit	**65**	(3)	105	**646**
Purchases of property, plant and equipment	**(2,961)**	(3,509)	(2,065)	**(29,551)**
Proceeds from sales of property, plant and equipment	**272**	792	2,608	**2,712**
Purchases of intangible assets	**(184)**	(396)	(189)	**(1,834)**
Proceeds from sales of intangible assets	**1**	1	17	**9**
Purchases of investment securities	**(7,771)**	(563)	(929)	**(77,561)**
Proceeds from sales of investment securities	**1,990**	231	2,262	**19,866**
Purchases of the shares of companies previously unconsolidated	**(774)**	(1,152)		**(7,729)**
Sales of the shares of companies previously consolidated	**558**	(21)	(155)	**5,569**
Decrease in short-term loan receivable	**75**	105	223	**744**
Increase in long-term loan receivables	**(608)**	(151)	(220)	**(6,069)**
Proceed from sales of beneficiary rights of trust		8,075		
Other-net	**(435)**	563	(550)	**(4,335)**
Net cash provided by (used in) investing activities	**(9,772)**	3,972	1,107	**(97,533)**
FINANCING ACTIVITIES:				
Increase (decrease) in short-term borrowings-net	**2,399**	(13,384)	(7,420)	**23,941**
Proceeds from long-term debt	**4,462**	3,710	9,758	**44,534**
Repayments of long-term debt	**(6,759)**	(9,079)	(13,726)	**(67,459)**
Proceeds from issuance of new shares		8,464		
Cash dividends paid	**(1,800)**	(1,171)	(658)	**(17,968)**
Dividends paid to minority shareholders	**(72)**	(98)	(28)	**(717)**
Proceeds from funds paid by minority shareholders	**126**	101	36	**1,258**
Other-net	**(39)**	(62)	(34)	**(390)**
Net cash used in financing activities	**(1,683)**	(11,519)	(12,072)	**(16,801)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**28**	83	185	**281**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,711)**	(465)	(1,409)	**(37,040)**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR		184	745	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**12,141**	12,422	13,086	**121,176**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 8,430**	¥ 12,141	¥ 12,422	**$ 84,136**

See notes to consolidated financial statements.

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), 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 2007 financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SUMIKIN BUSSAN CORPORATION (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100.19 to $1, the rate of exchange at March 31, 2008. Such translations should not be construed as representations 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. Consolidation - The consolidated financial statements as of March 31,2008 include the accounts of the Company and its 44 (44 in 2007 and 39 in 2006) significant subsidiaries (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, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 2 (2 in 2007 and 1 in 2006) unconsolidated subsidiaries and 9 (11 in 2007 and 2006) associated companies are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition or the excess fair value of the net assets of the acquired subsidiary over the cost of an acquisition is being amortized over a period of 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, certificate of deposits, commercial paper and bond funds, all of which mature or become due within three months of the date of acquisition.

c. Allowance for doubtful receivables - The allowance for doubtful receivables is provided principally at an amount computed based on the actual ratio of bad debts in the past, plus the aggregate amount of estimated losses based on the analysis of certain individual receivables.

d. Inventories - Inventories are principally stated as follows:
Steel products are stated at cost determined by the moving-average method. Textiles are stated at cost determined by the first-in, first-out method or by the specific identification method. Food items are stated at cost determined by the specific identification method. Other inventories are stated at cost determined by the moving-average method or by the specific identification method.

On July 5, 2006, the Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No.9," Accounting Standard for Measurement of Inventories", which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The Company adopted the new accounting standard for measurement of inventories in the year ended March 31, 2008. The effect of adoption of this accounting standard was to decrease income before income taxes and minority interests for the year ended March31, 2008 by ¥ 1,469 million ($ 14,667thousand).

e. Marketable and Investment Securities - Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

i) trading securities, which are held for the purpose of earning capital gains in the short term are reported at fair value, and the related unrealized gains and losses are included in earnings, ii) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and iii) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains or losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

f. Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and 28 (26 in 2007, 23 in 2006) consolidated subsidiaries is computed by the straight-line method based on the estimated useful lives of the assets. Depreciation of property, plant and equipment of 17 (19 in 2007, 17 in 2006) consolidated subsidiaries is computed principally by the declining-balance method at rates based on the estimated useful lives of the assets. On the basis of acquisition cost, 31.5% of building and structures, 17.8% of machinery and equipment, 69.3% of furniture and fixtures are depreciated by the declining-balance method. The range of useful lives is principally from 2 to 50 years for buildings and structures, from 2 to 12 years for machinery and equipment.

g. Long - lived assets - The Group reviews its long-lived assets for impairment whether events or changes in circumstance indicate 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.

h. Retirement and Pension Plans - The Company and certain consolidated subsidiaries have non-contributory funded pension plans covering substantially all of their employees.

Prior to April 1, 2007, retirement benefits to directors, executive officers and corporate auditors were expensed when paid. Effective April 1, 2007, retirement benefits to directors, executive officers and corporate auditors are provided at the amount that would be required if all directors, executive officers and corporate auditors retired at the balance sheet date in accordance with a Report of the Auditing and Assurance Practice Committee, "An Auditing Treatment for Retirement Benefits to Directors and Corporate Auditors", which was published by the Japanese Institute of Certified Public Accountants on April 13, 2007 and is effective for fiscal years beginning on or after April 1, 2007. The effect of this change was to decrease income before income taxes and minority interests for the year ended March 31, 2008 by ¥277 million ($2,765 thousand), which included a cumulative effect of ¥206 million ($2,058 thousand) at March 31, 2007. This cumulative effect was included in selling, general and administrative expenses in the 2008 consolidated statement of income.

i. Presentation of Equity - On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

j. 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 consolidated financial statements. All other leases are accounted for as operating leases.

However, in certain foreign consolidated subsidiaries, leases are accounted for as capital leases.

k. 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 income taxes are measured by applying currently enacted tax laws to the temporary differences.

l. Foreign Currency Transactions - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

m. Foreign Currency Financial Statements - The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

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 are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized in the consolidated statements of income 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 are utilized to hedge foreign currency exposures for imports from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting. Interest rate swaps are utilized to hedge interest rate exposures of long-term debt. These swaps which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as other liabilities or assets.

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, retroactively adjusted for stock split. The weighted-average number of common shares used in the computation was 164,038 thousand shares for 2008, 147,690 thousand shares for 2007 and 147,010 thousand shares for 2006.

Diluted net income per share is not disclosed because no potentially dilutive securities have been issued.

Cash dividends per share are based on dividends applicable to the relevant financial years.

p. Bonuses to directors - Bonuses to directors are accrued at the year end to which such bonuses are attributable.

q. New Accounting Pronouncements

Lease Accounting - On March 30, 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions shall be capitalized recognizing lease assets and lease obligations in the balance sheet.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements - Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries which are prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The new task force prescribes: 1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, 2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, 3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material:

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss

(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current:			
Government and corporate bonds	**¥ 16**		**$157**
Total	**¥ 16**		**$157**
Non-current:			
Marketable equity securities	**¥ 9,258**	¥ 14,054	**$ 92,410**
Government and corporate bonds		16	
Other	**4,020**	4,611	**40,118**
Total	**¥ 13,278**	¥ 18,681	**$ 132,528**

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2008 and 2007 were as follows:

March 31, 2008	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 5,399**	**¥ 4,333**	**¥ 474**	**¥ 9,258**
Debt securities	**15**	**0**		**15**

March 31, 2007	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 4,580	¥ 9,483	¥ 9	¥ 14,054
Debt securities	15		0	15

March 31, 2008	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 53,884**	**$ 43,251**	**$ 4,725**	**$ 92,410**
Debt securities	**149**	**0**		**149**

For the year ended 31 March, 2008, the impairment loss was recorded in the aggregate amount of ¥68 million ($678 thousand).
Basically, the Company recognized impairment loss when the fair value of marketable and

investment securities is reduced to less than 50% of the acquisition cost at the end of period. In addition, the loss is also recognized when the fair market value declines more than 30% but less than 50%, if necessary, considering the possibility of market value recovery or other factors.

Proceed from sales of available-for-sale securities for the years ended March 31, 2008 and 2007 were ¥660 million ($ 6,585 thousand) and ¥204 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥183 million ($1,823 thousand), for the year ended March 31, 2008 and gross realized gains and losses on these sales were ¥68 million and ¥4 million, respectively, for the year ended March 31, 2007

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2008 and 2007 were as follows:

	Carrying amount		
	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Available-for-sale:			
Equity securities	**¥ 4,020**	¥ 4,611	**$ 40,118**
Debt securities	**1**	1	**8**
Total	**¥ 4,021**	¥ 4,612	**$ 40,126**

For the year ended March 31, 2008, certain available-for-sale securities, which the Company acquired and for which the Company's ratio of shares held has increased, were changed to investment in and advances to an associated company.
The effect of this change was to decrease investment securities and net unrealized gain on available-for-sale securities, by ¥2,730 million ($27,246 thousand) and ¥1,388 million ($13,853 thousand), respectively.

4. LONG-LIVED ASSETS

For the year ended March 31, 2008 and 2007, consolidated subsidiaries recognized ¥56 million ($563 thousand) and ¥133 million of impairment losses on stores, and idle assets.

The Company and consolidated subsidiaries classify fixed assets into groups, the minimum cash-generating unit, by the type of respective business. Certain consolidated subsidiaries classify groups by store. For idle assets, each property is considered to constitute a group.

Due to the consecutive operating losses or the significant decrease in the market value of land, book value of these fixed assets is reduced to recoverable amounts and the amounts written down are recorded as impairment losses on fixed assets.

The recoverable amounts are calculated based on the higher of net sale value or use value.

In the case of use value, relevant assets are evaluated based on expected future cash flows discounted at mainly 6.74% and 5.75% for the years ended March 31, 2008 and 2007, respectively.

In the case of net sale value, relevant assets are evaluated based on publicly-assessed value for the years ended March 31, 2007

5. GOODWILL

Goodwill as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Consolidation goodwill	**¥ 210**	¥ 273	**$ 2,100**
Acquisition goodwill	**235**	328	**2,347**
Total	**¥ 445**	¥ 601	**$ 4,447**

Amortization charged to selling, general and administrative expenses for the years ended, March 31, 2008 and 2007, was ¥236 million ($2,359 thousand) and ¥141 million, respectively.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Loans, primarily from banks with interest principally at 0.542% to 6.380% in 2008, 0.741% to 6.580% in 2007	**¥ 64,223**	¥ 62,130	**$ 641,012**

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Loans, primarily from banks and insurance companies with interest principally at 0.450% to 8.141% in 2008, 0.420% to 8.141% in 2007, due serially to 2016:			
Collateralized	**¥ 1,415**	¥ 1,938	**$ 14,122**
Unsecured	**18,220**	20,231	**181,859**
Total	**19,635**	22,169	**195,981**
Less current portion	**(5,676)**	(6,772)	**(56,651)**
Long-term debt, less current portion	**¥ 13,959**	¥ 15,397	**$ 139,330**

The annual maturities of long-term debt as of March 31, 2008 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 5,676	$ 56,651
2010	3,566	35,596
2011	3,390	33,833
2012	2,687	26,823
2013	4,121	41,136
2014 and thereafter	195	1,942
Total	¥ 19,635	$ 195,981

The carrying amounts of assets pledged as collateral for short-term borrowings and long-term debt at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Investment securities	¥ 1,892	$ 18,887
Land	241	2,406
Buildings and structures	299	2,987
Other	25	249

As is customary in Japan, the Company maintains deposit balances with banks with which it has bank loans. Such deposit balances are not legally or contractually restricted as to withdrawal.

In addition, the bank borrowings are subject to agreements under which collateral must be given if requested by the lending banks, and certain banks have the right to offset cash deposited with them against any bank loan or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the bank concerned. The Company has never received any such request.

7. RETIREMENT AND PENSION PLANS

The Company and its certain consolidated 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 consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age or by death.

Prior to February, 2006, the Company had a defined benefit pension system which consisted of a funded pension plan and an unfunded lump-sum severance payment.

Effective in February, 2006, the Company revised its retirement and pension plans. A funded pension plan was modified to a cash-balance plan, which is a kind of defined benefit plan and a part of lump-sum severance payment is changed to a combined plan of a defined contribution plan and a prepaid retirement benefit plan, which can be selected by each employee.

The liability for employees' retirement benefits at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Projected benefit obligation	**¥ 9,987**	¥ 10,024	**$ 99,676**
Fair value of plan assets	**(6,905)**	(7,804)	**(68,924)**
Unrecognized actuarial gain (loss)	**(836)**	170	**(8,343)**
Unrecognized prior service cost	**275**	310	**2,748**
Net liability	**¥ 2,521**	¥ 2,700	**$ 25,157**

Assets necessary as at February 1, 2006 for the defined contribution pension plan and the prepaid retirement benefit plan was ¥1,131 million. The asset contribution will be completed in four years.

The components of net periodic benefit costs for the years ended March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Service cost	**¥ 392**	¥ 410	**$ 3,909**
Interest cost	**173**	178	**1,723**
Expected return on plan assets	**(145)**	(139)	**(1,444)**
Recognized actuarial loss	**94**	97	**942**
Amortization of prior service cost	**(35)**	(35)	**(351)**
Others	**359**	288	**3,590**
Net periodic benefit costs	**¥ 838**	¥ 799	**$ 8,369**

Assumptions used for the years ended March 31, 2008 and 2007 are set forth as follows:

	2008	2007
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%
Recognition period of actuarial gain / loss	**10 years, generally**	10 years, generally
Amortization period of prior service cost	**10 years**	10 years

The liability for retirement benefits at March 31, 2008 for directors and corporate auditors is ¥520 million ($5,187 thousand). The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

8. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law of Japan (the “Corporate Law”), which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1)having the Board of Directors, (2)having independent auditors (3)having the Board of Corporate Auditors, and (4)the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements .

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law also provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases / decrease and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Corporate Low, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Under the “Law of Land Revaluation”, a company accounted for by the equity method elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of June 30, 2000.

The resulting land revaluation surplus represents unrealized appreciation of land and the Company’s equity in unrealized appreciation is stated, net of income taxes, as a component of equity. There is no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the value of the decline should be removed from the land revaluation excess amount and deferred tax liabilities. The details of the one-time revaluation as of June 30, 2000 are as follows:

Land before revaluation —	¥ 1,097 million
Land after revaluation —	¥ 1,620 million
Deferred tax liabilities —	¥ 220 million
Land revaluation excess —	¥ 303 million

At March 31, 2008, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥207 million ($2,071 thousand).

9. INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income which, in the aggregate, resulted in an effective normal statutory tax rate of 40.67% for the years ended March 31, 2008 and 2007, respectively. The consolidated foreign subsidiaries are subject to a number of different taxes based on income at tax rates specific to the rates of each country.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Deferred Tax Assets:			
Inventories	**¥ ¥1,812**	¥ 1,257	**$ 18,087**
Provision for doubtful receivables	**279**	178	**2,782**
Impairment losses on fixed assets	**362**	380	**3,617**
Accrued enterprise taxes	**427**	400	**4,262**
Accrued bonuses to employees	**601**	486	**6,000**
Pension and severance costs	**1,102**	1,272	**10,998**
Provision for retirement benefits— directors and corporate auditors	**218**	144	**2,171**
Tax loss carryforwards	**687**	4,436	**6,862**
Deferred loss on derivatives under hedge accounting	**561**	14	**5,596**
Other	**1,326**	1,178	**13,238**
Less valuation allowance	**(3,223)**	(5,677)	**(32,172)**
Total	**¥ 4,152**	¥ 4,068	**$ 41,441**
Deferred Tax Liabilities:			
Net unrealized gain on available-for-sale securities	**¥ 1,482**	¥ 3,853	**$ 14,798**
Other	**976**	1,016	**9,739**
Total	**¥ 2,458**	¥ 4,869	**$ 24,537**
Net deferred tax assets	**¥ 1,694**	¥ (801)	**$ 16,904**

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, 2008 and 2007 is as follows:

	2008	2007
Normal effective statutory tax rate	**40.67%**	40.67%
Effect of taxation on dividends eliminated in the consolidation	**2.65**	3.20
Non-taxable gain	**(2.18)**	(2.30)
Effect of liquidating consolidated subsidiaries	**(2.49)**	
Foreign tax credit	**(1.55)**	(0.52)
Increase of valuation allowance	**5.91**	5.58
Other-net	**(0.05)**	0.35
Actual effective tax rate	**42.96%**	46.98%

At March 31, 2008, certain subsidiaries have tax loss carryforwards aggregating approximately ¥1,655million ($16,515thousand) 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
2012	¥ 35	$ 345
2013	156	1,556
2014	171	1,711
2015 and thereafter	1,293	12,903
Total	¥ 1,655	$ 16,515

10. LEASES

Total lease expense under finance leases was ¥449 million ($4,478 thousand) and ¥463 million for the years ended March 31, 2008 and 2007, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations 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, 2008 and 2007 was as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2008			2007			2008		
	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property	Acquisition cost	Accumulated depreciation	Net leased property
Buildings and structures	¥ 7	¥ 3	¥ 4	¥ 10	¥ 5	¥ 5	$ 71	$ 33	$ 38
Machinery and equipment	1,113	581	532	1,033	440	593	11,105	5,801	5,304
Furniture and fixtures	624	331	293	669	360	310	6,232	3,310	2,922
Other	461	221	240	552	278	273	4,603	2,200	2,403
Total	¥ 2,205	¥ 1,136	¥ 1,069	¥ 2,264	¥ 1,083	¥ 1,181	$22,011	$11,344	$10,667

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight-line method and was ¥449 million ($4,478 thousand) and ¥463 million for the years ended March 31, 2008 and 2007, respectively.

Obligations under finance leases as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year	¥ 375	¥ 398	$ 3,744
Due after one year	694	783	6,923
Total	¥ 1,069	¥ 1,181	$ 10,667

The amount of obligations under finance leases includes the imputed interest expense portion.

The minimum rental commitments under non-cancelable operating leases as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Due within one year	¥ 38	¥ 24	$ 379
Due after one year	146	74	1,462
Total	¥ 184	¥ 98	$ 1,841

11. DERIVATIVES

The Group enters into foreign currency forward contracts, in the normal course of business, to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies. The Group enters into interest rate swap agreements as a means of managing its interest rate exposures on certain liabilities. Interest rate swaps effectively convert some floating rate debt to a fixed basis, or convert some fixed rate debt to a floating basis.

It is the Group's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract. Since most of the Group's derivative transactions are related to qualified hedges of underlying business exposures, market gain or loss risk in the derivative instruments is basically offset by opposite movements in the value of the hedged assets or liabilities. Also because the counterparties to those derivatives are limited to major 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 basic policies for the use of derivatives are approved by the Board of Directors and the execution and control of derivatives are made by the Finance Department and monitored by the Corporate Planning Section. Each derivative transaction is periodically reported to management, where evaluation and analysis of derivatives are made.

Information regarding derivative contracts or notional amounts, market value and related unrealized gains or losses as of March 31, 2008 and 2007 are not stated because the Group utilizes hedge accounting for all its derivative transactions.

12. RELATED PARTY TRANSACTION

At March 31, 2008, 38.60% of the Company's issued shares were owned by Sumitomo Metal Industries, Ltd. ("SMI"), which is principally engaged in manufacturing various kinds of steel products.

As a trading company, the Company purchases products from SMI and sells them to customers. The Company also sells certain material to SMI.

Related party transactions with SMI as of and for the years ended March 31, 2008 and 2007 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Sales	**¥ 263,778**	¥ 203,100	**$2,632,777**
Purchases	**175,397**	160,284	**1,750,648**

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Trade receivables	¥ 19,623	¥ 18,937	$ 195,856
Trade payables	39,992	37,485	399,157
Advances from SMI		20,632	

13. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Trade notes discounted	¥ 4,905	$ 48,955
Trade notes endorsed	736	7,345
Guarantees for loans	2,266	22,624
Total	¥ 7,907	$ 78,924

14. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2008 were approved at the Company's Shareholders' meeting held on June 24, 2008:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥6.0 ($0.06) per share	¥ 984	$ 9,822

15. SEGMENT INFORMATION

Operational information by industry segments, geographical segments and sales to foreign customers of the Company and subsidiaries for the years ended March 31, 2008, 2007 and 2006 is as follows:

(i) Industry Segments

	Millions of Yen						
	2008						
	Steel	Textiles	Foodstuffs	Raw Materials and Semi-finished Steel Products	Machinery, Construction, Nonferrous Metals and Others	Eliminations or Unallocated	Consolidated
Sales to customers	¥ 481,750	¥ 172,635	¥ 142,376	¥ 292,632	¥ 225,581		¥1,314,974
Intersegment sales	1,301	69			3,051	¥ (4,421)	
Total sales	483,051	172,704	142,376	292,632	228,632	(4,421)	1,314,974
Operating expenses	473,227	167,421	138,714	291,640	225,667	(4,417)	1,292,252
Operating income	¥ 9,824	¥ 5,283	¥ 3,662	¥ 992	¥ 2,965	¥ (4)	¥ 22,722
Assets	¥ 175,141	¥ 66,670	¥ 41,314	¥ 33,144	¥ 83,238	¥ 2,540	¥ 402,047
Depreciation	959	228	301	4	519		2,011
Impairment losses on fixed assets			56				56
Capital expenditures	1,312	297	306	1	1,199		3,115

	Thousands of U.S. Dollars						
	2008						
	Steel	Textiles	Foodstuffs	Raw Materials and Semi-finished Steel Products	Machinery, Construction, Nonferrous Metals and Others	Eliminations or Unallocated	Consolidated
Sales to customers	$4,808,365	$1,723,080	$1,421,058	$ 2,920,767	$ 2,251,535		$13,124,805
Intersegment sales	12,981	692			30,452	$ (44,125)	
Total sales	4,821,346	1,723,772	1,421,058	2,920,767	2,281,987	(44,125)	13,124,805
Operating expenses	4,723,297	1,671,041	1,384,504	2,910,863	2,252,398	(44,085)	12,898,018
Operating income	$ 98,049	$ 52,731	$ 36,554	$ 9,904	$ 29,589	$ (40)	$ 226,787
Assets	$1,748,083	$ 665,440	$ 412,356	$ 330,815	$ 830,803	$ 25,351	$4,012,848
Depreciation	9,567	2,274	3,008	43	5,180		20,072
Impairment losses on fixed assets			563				563
Capital expenditures	13,099	2,960	3,053	13	11,963		31,088

	Steel	Textiles	Foodstuffs	Raw Materials and Semi-finished Steel Products	Machinery, Construction, Nonferrous Metals and Others	Eliminations or Unallocated	Consolidated
	Millions of Yen						
	2007						
Sales to customers	¥ 432,905	¥ 173,087	¥ 133,994	¥ 250,488	¥ 187,137		¥ 1,177,611
Intersegment sales	1,220	34			3,357	¥ (4,611)	
Total sales	434,125	173,121	133,994	250,488	190,494	(4,611)	1,177,611
Operating expenses	425,858	168,171	131,179	249,546	187,481	(4,615)	1,157,620
Operating income	¥ 8,267	¥ 4,950	¥ 2,815	¥ 942	¥ 3,013	¥ 4	¥ 19,991
Assets	¥ 173,885	¥ 70,510	¥ 40,289	¥ 35,714	¥ 102,544	¥ 5,023	¥ 427,965
Depreciation	773	265	290	4	530		1,862
Impairment losses on fixed assets			125		8		133
Capital expenditures	2,936	98	352	2	529		3,917

	Steel	Textiles	Foodstuffs	Raw Materials and Semi-finished Steel Products	Machinery, Construction, Nonferrous Metals and Others	Eliminations or Unallocated	Consolidated
	Millions of Yen						
	2006						
Sales to customers	¥ 408,881	¥ 176,472	¥ 134,683	¥ 222,396	¥ 171,850		¥1,114,282
Intersegment sales	490	11			1,920	¥ (2,421)	
Total sales	409,371	176,483	134,683	222,396	173,770	(2,421)	1,114,282
Operating expenses	405,413	172,027	131,383	221,516	171,094	(2,425)	1,099,008
Operating income	¥ 3,958	¥ 4,456	¥ 3,300	¥ 880	¥ 2,676	¥ 4	¥ 15,274
Assets	¥ 152,187	¥ 71,562	¥ 43,589	¥ 35,569	¥ 95,259	¥ 4,019	¥ 402,185
Depreciation	533	285	272	5	577		1,672
Impairment losses on fixed assets	189		252		782		1,223
Capital expenditures	903	331	381	9	683		2,307

Notes: (a)
- The steel segment consists of various steel products and construction materials.
- The textiles segment consists of yarns and fabrics, clothing, bedding, interior items, uniforms and undergarments.
- The foodstuffs segment consists of beef, pork, mutton, chicken, and marine products.
- The raw materials and semi-finished steel products segment consists of raw materials for blast and electric furnaces,and semi-finished steel products.
- The machinery, construction and nonferrous segment consists of construction, nonferrous metals, machinery metals and raw metals.

(b) For the years ended March 31, 2008, 2007 and 2006, eliminations or unallocated assets include ¥4,201 million ($41,928 thousand), ¥6,882 million and ¥6,063 million, respectively, of unallocable assets, which mainly consist of cash and cash equivalents of the Company.

(c) Amortization of Goodwill is included in Depreciation.

(d) As noted in Note2-d., effective April 1, 2007, the Company and consolidated subsidiaries early adopted Accounting Standard for Measurement of Inventories (ASBJ Statement No.9 issued by Accounting Standard Board of Japan on July 5,2006).

As a result, operating expenses in the Steel business increased by ¥267 million ($2,663 thousand), Textiles business increased by ¥526 million ($5,256 thousand), Foodstuffs business increased by ¥130 million ($1,297 thousand), Machinery, Construction, Nonferrous Metals and Others business increased by ¥546 million ($5,451 thousand), and operating income decreased by the same amounts each in the year ended March 31, 2008.

(e) As noted in Note2-h., effective April 1, 2007, the Company and consolidated subsidiaries changed accounting for retirement benefits to directors, executive officers and corporate auditors ("An Auditing Treatment for Retirement Benefits to Directors and Corporate Auditors", which was published by the Japanese Institute of Certified Public Accountants on April 13, 2007) .

As a result, operating expenses in the Steel business increased by ¥90 million ($895 thousand), Textiles business increased by ¥106 million ($1,061 thousand), Foodstuffs business increased by ¥35 million ($350 thousand), Raw Materials and Semi-finished Steel Products business increased by ¥11 million ($112 thousand), Machinery, Construction, Nonferrous Metals and Others business increased by ¥35 million ($347 thousand) and operating income decreased by the same amounts each in the year ended March 31, 2008.

(f) Effective April 1, 2006, the Company and consolidated subsidiaries adopted the Accounting Standard for Director's Bonus (ASBJ Statement No.4 issued by Accounting Standard Board of Japan on November 29, 2005). The standard is to be applied for the fiscal year ending on or after May 1, 2006, in which the Corporate Law takes effect.

As a result, operating expenses in the Steel business increased by ¥21 million, Textiles business increased by ¥25 million, Foodstuffs business increased by ¥9 million, Raw Materials and Semi-finished Steel Products business increased by ¥2 million and Machinery, Construction, Nonferrous Metals and Others business increased by ¥9 million, and operating income decreased by the same amounts each in the year ended March 31,2007.

(ii) Geographical segments

Geographical segment information is not disclosed because the Group's overseas operations are immaterial.

(iii) Sales to Foreign Customers

Information about sales to foreign customers is not disclosed because they are immaterial compared with consolidated net sales.

Deloitte.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
SUMIKIN BUSSAN CORPORATION:

We have audited the accompanying consolidated balance sheets of SUMIKIN BUSSAN CORPORATION (the "Company") and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2008, 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 SUMIKIN BUSSAN CORPORATION and consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2-d to the consolidated financial statements, the Company adopted the new accounting standard for measurement of inventories in the year ended March 31, 2008.

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.

Deloitte Touche Tohmatsu

June 24, 2008

Corporate Data

(As of March 31, 2008)

Date of Establishment

April 12, 1941

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FAX: 81-6-7634-8009

Tokyo Head Office

5-27, Akasaka 8-chome, Minato-ku, Tokyo 107-8527
TEL: 81-3-5412-5001
FAX: 81-3-5412-5101

Number of Employees

883

Number of Subsidiaries and Associated Companies

67 and 24

Sumikin Bussan Corporation