

Selected Financial Data

SANKO GOSEI LTD.

Consolidated

Years ended May 31	Millions of yen				
	2007	2006	2005	2004	2003
Net sales.....	¥ 48,657	¥ 49,138	¥ 49,148	¥ 44,418	¥ 45,340
Operating income (loss).....	432	(153)	291	1,480	802
Net income (loss).....	828	(1,186)	229	582	363
Net assets.....	8,547	7,056	7,306	7,189	6,793
Total assets.....	31,842	30,462	30,589	28,920	29,286
Yen					
Amounts per share of common stock:					
Net income (loss).....	¥ 39.50	¥ (56.56)	¥ 29.85	¥ 78.62	¥ 51.68

Note: The computation of net income per share is based on the weighted-average number of shares of common stock outstanding during the year.

Non-Consolidated

Years ended May 31	Millions of yen				
	2007	2006	2005	2004	2003
Net sales.....	¥ 26,630	¥ 26,622	¥ 31,562	¥ 27,386	¥ 25,879
Operating income (loss).....	401	(683)	151	612	279
Net income (loss).....	304	(1,097)	416	222	40
Net assets.....	7,507	7,203	8,377	8,041	7,859
Total assets.....	23,185	24,720	25,821	25,824	25,824
Yen					
Amounts per share of common stock:					
Net income (loss).....	¥ 14.51	¥ (52.34)	¥ 56.55	¥ 27.38	¥ 5.70
Cash dividends applicable to the year.....	—	4.50	5.00	5.00	5.00

Note: The computation of net income per share is based on the weighted-average number of shares of common stock outstanding during the year.

A Message from the Management

We are very delighted to find each shareholder of our company in good health and prosperity. On the occasion of issuing our Annual Report 2007, we would like to express our sincere appreciation for your special patronage to our company.

Consolidated Results of Operations

As of May 31, 2007 of the fiscal year end, Japanese economy was supported by consumer spending accompanied by the increase of the capital expenditure by the recovery of the corporate performance and the quiet increase of the personal income and the business conditions changed in the recovery basis.

As for the plastic industry, the demand of the office automation, the automobile and the digital consumer electronics and so on is changing in the increase basis. However, the status for which it is difficult to shift the rise of the raw material to the product price continues. Also, the request of reduction of the production cost, high quality and the cost is strongly found from the client and becomes severe business environment.

In these severe circumstances, Sanko Gosei group has made an effort toward the reduction of the production cost by the production rationalization of the existence product and the increase in efficiency and the expansion of the new customer by the proposal type sales. However, it aimed for the customer satisfaction to improve and it attempted for the quality assurance to strengthen a system and for the product to reduce development time.

In Japan, the orders of the consumables for the office automation and the automobile parts changed smoothly and the mold tools toward the automobile, became an increased income, too.

The Asia was changing smoothly around the automobile parts. But in China, the orders of the mobile phone parts decreased substantially.

In the European area, there was an increase of the production preparation fee of the thin-screen television parts in Holland. And the achievements floundered, particularly the automobile parts. Also, as for North America, the improvement effect of production cost moves ahead gradually and the deficit gap is reducing.

As a result of the above efforts, consolidated net sales for the year ended, May 31, 2007 amounted to ¥48,657 million, which is ¥481 million less than previous fiscal year ends. Consolidated operating income has amounted to ¥432 million (2006: consolidated operating loss ¥153 million), and finally net income amounted ¥828 million (2006: net loss ¥1,186 million) because of reexamination of deferred tax assets.

Performance results of our two main product groups are as follows:

Plastic Products

Main plastic products were automobile equipment and information and communication equipment.

Consolidated net sales of plastic products decreased by 2.0% to ¥42,905 million compared with the previous year. Consolidated operating income increased by 220.6% to ¥315 million compared with the previous year.

Mold tools

Consolidated net sales of mold tools increased by 7.1% to ¥5,752 million compared with the previous year. Consolidated operating income increased by 375.4% to ¥444 million compared with the previous year.

Non-consolidated results of operations

On a non-consolidated basis, total sales for the year ended May 31, 2007 increased by 0.0% to ¥26,629 million compared with the previous year. Operating income has amounted to ¥401 million (2006: operating loss ¥683 million). Net income has amounted to ¥304 million (2006: net loss ¥1,097 million).

Outlook

As for the prospect in the future, with a background of the favorable business conditions, the domestic economy seems to change solid continuously. But the severe business conditions are expected persistently by the rise of raw material price because of the soaring of the oil price. Also, the future business conditions are unpredictable because of unstable currency exchange rate and rise of long-term interest rates.

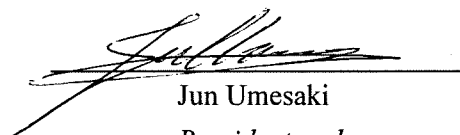
Under these circumstances, Sanko Gosei group attempt to promote cost reduction by the whole company, and we aim to improve our operation results.

We are committed to strive further to attain these goals and to add to the value of our company.

We would like to request your continued support of and guidance for our company.

Based on the above result, concerning the forecast financial figure for the fiscal year May 31, 2008, we expect consolidated net sales to be ¥51,000 million and net income ¥400 million.

August, 2007



Jun Umesaki
*President and
Representative Director*