

November 20, 2008

Company name	Sugi Holdings Co., Ltd.
Representative	Hirokazu Sugiura Representative Director & President
Stock code	7649; 1st section, Tokyo Stock Exchange and Nagoya Stock Exchange
Inquiries	Makoto Kasai Deputy Group Manager, Office of President
Telephone	+81 566-73-6308

Sugi Holdings Announces Corrections to Past Years' Securities Filings, Earnings Reports, and Other Disclosures

Sugi Holdings Co., Ltd., announces that its Board of Directors met today and resolved to restate certain financial results appearing in its annual securities filings and full-year earnings reports for the five fiscal years ended end-February 2004 through 2008; in its interim securities filings, interim earnings reports, summaries of fiscal-first-quarter results, and summaries of fiscal-third-quarter results for the three fiscal years ended end-February 2006 through 2008; and in its summary of fiscal-first-quarter results and interim earnings report for the fiscal year ending February 28, 2009. Details appear below.

1. Reason for corrections

After discovering embezzlement by a former director, Sugi Pharmacy issued two related press releases. The first, dated July 16, 2008, was titled "Sugi Pharmacy has Discovered Embezzlement by a Former Director," and the second, dated October 8, 2008, was titled "Sugi Holdings Provides an Update on the Embezzlement by a Former Director."

In its earnings report for the first six months of the fiscal year ending February 28, 2009, Sugi Holdings recognized an extraordinary loss on the adjustment of past year's earnings associated with the embezzlement by the former director. However, in consideration of its audit firm's opinion and the outcome of internal discussions, Sugi Holdings concluded that it should restate financial results for past accounting periods to accurately reflect when the losses were incurred.

In accord with the above, Sugi Holdings' Board of Directors met today and resolved to restate cash and deposits, receivables, and allowances for doubtful accounts for the respective periods. Specifically, it will restate financial results that appeared in its annual securities filings and full-year earnings reports for the five fiscal years ended end-February 2004 through 2008; in its interim securities filings, interim earnings reports, summaries of fiscal-first-quarter results, and summaries of fiscal-third-quarter results for the three fiscal years ended end-February 2006 through 2008; and in its summary of fiscal-first-quarter results and interim earnings report for the fiscal year ending February 28, 2009.

Sugi Holdings also restated its valuation losses on shares in subsidiaries in its earnings report for the first six months of the fiscal year ending February 28, 2009.

2. Impact on past years' earnings (loss)

Impacts on past years' earnings (loss) are stated in the accompanying document.

Net sales have not been restated in conjunction with this matter.

3. Past years' annual securities filings, earnings reports, and other documents to be restated

Sugi Holdings will restate the following annual securities filings, interim securities filings, full-year earnings reports, interim earnings reports, summaries of fiscal-first-quarter results, and summaries of fiscal-third-quarter results.

Annual securities filings and full-year earnings reports:

- Annual securities filing and full-year earnings report for the fiscal year ended February 29, 2004
(March 1, 2003 – February 29, 2004)
- Annual securities filings and full-year earnings report for the fiscal year ended February 28, 2005
(March 1, 2004 – February 28, 2005)
- Annual securities filing, full-year earnings report, and summary of non-consolidated financial statements for the fiscal year ended February 28, 2006
(March 1, 2005 – February 28, 2006)
- Annual securities filing, full-year earnings reports, and summary of non-consolidated financial statements for the fiscal year ended February 28, 2007
(March 1, 2006 – February 28, 2007)
- Annual securities filing and full-year earnings report for the fiscal year ended February 29, 2008
(March 1, 2007 – February 29, 2008)

Interim securities filings and interim earnings reports:

- Interim securities filing, interim earnings report, and summary of non-consolidated interim financial statements for the fiscal year ended February 28, 2006
(March 1, 2005 – August 31, 2005)
- Interim securities filing, interim earnings report, and summary of non-consolidated interim financial statements for the fiscal year ended February 28, 2007
(March 1, 2006 – August 31, 2006)
- Interim securities filing and interim earnings report for the fiscal year ended February 29, 2008
(March 1, 2007 – August 31, 2007)
- Interim earnings report for the fiscal year ended February 28, 2009
(March 1, 2008 – August 31, 2008)

Summaries of fiscal-first-quarter results:

- Summary of fiscal-first-quarter results for the fiscal year ended February 28, 2006
(March 1, 2005 – May 31, 2005)
- Summary of fiscal-first-quarter results for the fiscal year ended February 28, 2007
(March 1, 2006 – May 31, 2006)
- Summary of fiscal-first-quarter results for the fiscal year ended February 29, 2008
(March 1, 2007 – May 31, 2007)
- Summary of fiscal-first-quarter results for the fiscal year ended February 28, 2009
(March 1, 2008 – May 31, 2008)

Summaries of fiscal-third-quarter results:

- Summary of fiscal-third-quarter results for the fiscal year ended February 28, 2006
(September 1, 2005 – November 30, 2005)
- Summary of fiscal-third-quarter results for the fiscal year ended February 28, 2007

(September 1, 2006 – November 30, 2006)

- Summary of fiscal-third-quarter results for the fiscal year ended February 28, 2008
(September 1, 2007 – November 30, 2007)

4. Future action

Sugi Holdings is currently preparing the relevant restated annual securities filings, interim securities filings, full-year earnings reports, interim earnings reports, summaries of fiscal-first-quarter results, and summaries of fiscal-third-quarter results, and will submit these filings and reports shortly.

Sugi Holdings expects to submit its interim securities filing for the fiscal year ending February 28, 2009, on November 28, 2008.

Pursuant to the Companies Act (commercial law), Sugi Holdings will not restate consolidated financial statements and other financial statements for each fiscal year. Instead, it will record a one-time adjustment for the fiscal year ending February 28, 2009.

Partly due to the impact described in a press release dated November 20, 2008, titled “Sugi Holdings’ Subsidiaries to Acquire Business Units,” Sugi Holdings is currently reexamining its full-year earnings forecast for the fiscal year ending February 28, 2009. Any changes to the previously announced full-year forecast will be announced immediately they are made.

Sugi Holdings deeply regrets the misconduct of its former director and is committed to conducting business in a manner that will restore the trust of customers, investors and stakeholders. Sugi Holdings will bolster compliance efforts and institute preventive measures to ensure that no such incidents happen in future.

We look forward to your continued support and guidance.

Definitions of terms used in this press release:

“Securities filings” (*yuka shoken hokokusho* in Japanese) refers to the reports that certain companies must file with Japan’s Financial Services Agency in accord with the Financial Instruments and Exchange Act.

“Earnings reports” (*kessan tanshin* in Japanese) refers to those that listed companies are required to disclose in accord with stock exchange rules.

Summaries of fiscal-first-quarter results and fiscal-third-quarter results are those that listed companies are required to disclose in accord with stock exchange rules.

(Attachment) Impact on Income Statement of the Past Fiscal Year

November 20, 2008

SUGI Holdings Co., Ltd.

Consolidated

(million yen)

Full-year	Year ended February 28, 2006 *1			Year ended February 28, 2007			Year ended February 29, 2008		
	Before restatement	After restatement	Change	Before restatement	After restatement	Change	Before restatement	After restatement	Change
Operating profit	-	-	-	9,250	8,983	(267)	10,879	10,879	-
Recurring profit	-	-	-	10,090	9,823	(267)	12,067	12,067	-
Net income	-	-	-	4,000	3,839	(160)	6,856	6,861	5
Net assets	49,752	49,457	(295)	61,132	60,675	(456)	66,302	65,851	(451)
Total assets	97,033	96,738	(295)	101,258	100,802	(456)	112,400	112,400	(439)

(million yen)

First-half	Six months ended August 31, 2006			Six months ended August 31, 2007			Six months ended August 31, 2008				
	Before restatement	After restatement	Change	Before restatement	After restatement	Change	Before restatement	After restatement	Change		
Operating profit	-	-	-	4,590	4,590	-	6,133	6,244	6,252	8	
Recurring profit	-	-	-	4,987	4,987	-	6,730	7,050	7,060	9	
Net income	-	-	-	2,018	2,018	-	3,646	3,646	1,895	2,401	506
Net assets	-	-	-	59,122	58,827	(295)	63,357	62,901	67,687	67,742	54
Total assets	-	-	-	101,249	100,954	(295)	111,197	110,768	117,511	117,566	54

Non-Consolidated

(million yen)

Full-year	Year ended February 29, 2004			Year ended February 28, 2005			Year ended February 28, 2006			Year ended February 28, 2007			Year ended February 29, 2008		
	Before restatement	After restatement	Change	Before restatement	After restatement	Change	Before restatement	After restatement	Change	Before restatement	After restatement	Change	Before restatement	After restatement	Change
Operating profit	5,042	5,042	-	5,055	5,055	-	5,941	5,941	-	7,193	6,925	(267)	8,951	8,951	-
Recurring profit	5,750	5,750	-	5,794	5,794	-	6,549	6,549	-	7,946	7,679	(267)	10,239	10,239	-
Net income	3,234	3,189	(44)	3,139	3,016	(123)	3,744	3,635	(108)	3,752	3,592	(160)	5,813	5,818	5
Net assets	19,766	19,702	(64)	22,526	22,339	(187)	49,746	49,450	(295)	53,011	52,555	(456)	65,008	64,557	(451)
Total assets	37,564	37,620	55	41,569	41,421	(147)	80,864	80,569	(295)	83,440	82,984	(456)	99,205	98,765	(439)

(million yen)

First-half	Six months ended August 31, 2005			Six months ended August 31, 2006			Six months ended August 31, 2007			Six months ended August 31, 2008		
	Before restatement	After restatement	Change	Before restatement	After restatement	Change	Before restatement	After restatement	Change	Before restatement	After restatement	Change
Operating profit	-	-	-	3,141	3,141	-	4,721	4,721	-	5,142	5,142	-
Recurring profit	-	-	-	3,524	3,524	-	3,728	3,728	-	5,198	5,198	-
Net income	-	-	-	2,023	1,933	(90)	1,857	1,857	-	2,933	2,933	-
Net assets	-	-	-	24,368	24,090	(277)	51,353	51,057	(295)	62,396	61,940	(456)
Total assets	-	-	-	51,793	51,556	(237)	81,660	81,364	(295)	97,825	97,396	(428)

*1 Sugi Pharmacy acquired shares in Japan Inc. in December 2005, making it a consolidated subsidiary. Sugi Pharmacy therefore began preparing consolidated financial statements from the fiscal year ended February 28, 2006. Because the deemed stock acquisition date was February 28, 2006, Sugi Pharmacy prepared consolidated balance sheets only and did not prepare consolidated statements of income for the fiscal year ended February 28, 2006.

*2 Restated interim figures for the fiscal year ending February 28, 2009, are figures from the interim earnings report for the fiscal year ending February 28, 2009, that have been restated in accord with restatements of past years' annual securities filings, interim securities filings, and other disclosures.