

Brief Interim Report on Consolidated Settlement of Accounts  
For the Term Ending on February 28, 2007

October 12, 2006

S K Japan Co., Ltd. Osaka Tel: 06-6765-0670  
Stock Code: 7608 (URL <http://www.sk-japan.co.jp>)  
Stock Exchange listing: TSE/OSE first section  
Contact: Satoshi Kubo, CEO  
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Board meeting for approval of results on Oct. 12, 2006.  
US Accounting system not adopted

1. Financial Results (March 1 to August 31, 2006)

(1) Consolidated Results of Operation (Figures are rounded to million yen)

	Sales		Ordinary income		Net income	
	¥mn	%	¥mn	%	¥mn	%
August 2006	7,886	( - )	248	( - )	260	( - )
September 2005	5,549	(12.7)	129	( 72.3)	164	( 64.1)
End-Feb.2006	12,413		339		405	

	Net income per share		Net profit per share	Diluted net income per share
	¥mn	%		
August 2006	142	( - )	17.23 Yen	17.17 Yen
September 2005	123	( 53.3 )	15.20	14.99
End-February, 2006	265		32.04 Yen	31.66 Yen

(2) Fiscal situation, consolidated

	Total assets	Shareholders' equity	Ratio of equity to Total assets	Equity per share
August 2006	5,462 ¥mn	2,999 ¥mn	54.9%	362.27Yen
September 2005	5,537	2,806	50.7	342.56
February 2006	5,083	2,983	58.7	360.42

(3) Cash flows Position

	Cash flows from Operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the period end
	¥mn	¥mn	¥mn	¥mn
August 2006	62	167	18	772
September 2005	411	434	68	1,220
February 2006	145	577	15	895

2. Expectation of Consolidated Financial Results (March 1, 2006 to February 28, 2007)

	Sales	Ordinary income	Net profit
Interim Full time	15,200 ¥mn	600 ¥mn	333¥mn

(Ref) Expectable net profit per share 40.34Yen

### 3. Business & fiscal condition

#### (1) General condition

	Sales	Operating income	Ordinary income	Net Profit	Net income
	¥mn	¥mn	¥mn	¥mn	
End February 2007	7,886	248	260	142	17.23Yen
End February 2006	5,549	129	164	123	15.20Yen

	Sales		Ordinary income		Net profit	
	¥mn	%	¥mn	%	¥mn	%
Middle period against February 2007	7,886	57.8	248	90.3	260	48.1
From March to August 2005	4,998	-	130	-	175	-

#### (2) Fiscal condition in this period

	From April 1 to Sept. 30, 2005	From March 1 to Aug. 2006	Comparison
Cash flows by sales action	411	62	-
Cash flows by Investment	434	167	-
Net cash provided by financing activities	68	18	-
Difference in Exchange rate	1	0	-
Increase(decrease) in cash and cash equivalents	90	123	-
Difference in Exchange rate	1	0	-
Cash and cash equivalents at beginning of period	1,310	895	-
Cash and cash equivalents at end of period	1,220	772	-

**Trend of cash flows**

	March 2005		February 2006		Feb. 2007
	Interim	Year-end	Interim	Year-end	Interim
Our own ratio	61.1	70.4	50.7	58.7	54.9
Current (%)	202.8	178.9	125.2	125.2	95.3
Debt (Year) repayment	0.2	0.3	0.2	0.6	0.6
Interest coverage ratio	159.0	141.6	473.1	176.1	140.9

**(3) Consolidated Forecast**

	Sales	Pretax profit/loss	Net profit	Net profit per share
February 2007 (forecast)	¥mn 15,200	¥mn 600	¥mn 333	40.34 Yen
February 2006 (Performance)	12,413	405	265	32.04 Yen

(Ref) Figures showed for 11 months (from April 1, 2005 to February 28, 2006).

## 4-(1) Consolidated (Interim) Balance sheet

(Unit: thousand yen)

	As of September 30, 2005		As of August 31, 2006		As of February 28, 2006	
	%		%		%	
<b>(Assets)</b>						
<b>I Current assets</b>						
1. Cash & deposit	1,220,329		772,198		895,210	
Accounts receivable	1,238,388		1,472,994		1,062,061	
Inventory	1,050,886		1,093,932		1,048,255	
Deferred tax assets	218,299		134,493		137,835	
Others	123,313		119,362		115,995	
Reserves	3,773		3,601		3,577	
	3,847,443 69.5		3,589,379 65.7		3,255,781 64.0	
<b>II Fixed assets</b>						
Tangible fixed assets						
Intangible fixed assets	535,186		616,131		604,883	
Securities and other assets	6,783		8,113		6,744	
Total fixed assets	1,147,899		1,248,782		1,216,508	
Total assets	1,689,868 30.5		1,873,028 34.3		1,828,135 36.0	
	5,537,311 100.0		5,462,407 100.0		5,083,917 100.0	

	As of September 30, 2005		As of August 31, 2006		As to February 28, 2006	
	Amount	%	Amount	%	Amount	%
<b>Liabilities</b>						
<b>I Current liabilities</b>						
1. Trade accounts payable	1,515,491		1,462,937		1,039,110	
2. Short-term borrowings	136,000		288,000		194,000	
3. Other accounts payable	455,178		264,950		398,746	
4. Accrued income taxes	281,197		122,036		167,798	
5. Accrued bonuses	73,590		76,157		54,153	
6. Director's bonus reserves	-		2,000		-	
7. Other reserves	66,270		41,661		61,694	
8. Others	79,219		110,151		82,109	
Total current liabilities	2,606,947 47.1		2,367,895 43.3		1,997,612 39.3	
<b>II Long-term liabilities</b>						
1. Retirement reserves	67,462		70,264		78,002	
2. Guarantee fee	56,200		25,220		25,000	
Fixed liabilities total	123,662 2.2		95,484 1.8		103,002 2.0	
Total liabilities	2,730,610 49.3		2,463,379 45.1		2,100,614 41.3	

Stockholders' equity							
I Capital	411,591	7.4	-	-	425,035	8.4	
II Capital surplus	442,680	8.0	-	-	456,051	9.0	
III Retained earning	1,951,517	35.2	-	-	2,093,430	41.2	
IV Unrealized gain on securities	8,947	0.2	-	-	17,526	0.3	
V Treasury stock	8,035	0.1	-	-	8,741	0.2	
Total capital	2,806,701	50.7	-	-	2,983,302	58.7	
Total liabilities	5,537,311	100.0	-	-	5,083,917	100.0	
Assets							
I Shareholders' equity capital							
1. Common stock			426,732	7.8			
2. Capital surplus			457,738	8.4			
3. Retain surplus			2,116,216	38.8			
4. Own capital			8,957	0.2			
Equity capital			2,991,730	54.8			
II Gains on evaluation							
III Equity warrant			6,136	0.1			
Net worth			1,161	0.0			
Net worth total			2,999,027	54.9			
			5,462,407	100.0			

( 2 ) Consolidated Profit & Loss Statements

(thousand yen)

	From April 1 to September 30, 2005		From March 1 to August 31, 2006		From April 1, 2005 to February 28, 2006	
		%		%		%
I Sales	5,549,206	100.0	7,886,229	100.0	12,413,851	100.0
II Cost of sales	-4,128,008	74.4	-5,927,820	75.2	-9,378,041	75.5
Gross profit	1,421,197	25.6	1,958,408	24.8	3,035,809	24.5
III Selling, general and administrative expenses	-1,291,438	23.3	-1,709,828	21.6	-2,696,124	21.8
Operating income	129,759	2.3	248,579	3.2	339,684	2.7
IV Non-operating income	43,143	0.8	20,079	0.2	92,076	0.8
V Non-operating expenses	-8,581	0.1	-8,155	0.1	-26,121	0.2
Pretax profit	164,321	3.0	260,503	3.3	405,639	3.3
VI Extraordinary income	71,755	1.3	5,959	0.1	76,330	0.6
VII Extraordinary losses	-214	0.0	-	0.0	-284	0.0
Before adjustment profit	235,863	4.3	266,463	3.4	481,686	3.9
Income taxes	-112,404	2.1	-123,950	1.6	-216,313	1.8
Net income	123,459	2.2	142,512	1.8	265,372	2.1

## (4) Cash flows statements

(Unit: thousand yen)

	April 1 to Sept. 30, 2005	March 1 to August 31, 2006	April 1, 2005 to Feb. 28, 2006
I Cash flows from operating activities	Amount	Amount	Amount
Income before income taxes	235,863	266,463	481,686
Depreciation and amortization	16,338	25,824	33,978
Losses on valuation of investment securities	-	732	-
Increase in accrued bonuses	24,850	22,004	5,413
Directors bonuses loss reserves	-	2,000	-
Loan-loss reserves	288	482	(42,814)
Point discount reserves	(20,042)	(20,033)	(24,617)
Retirement reserves	(10,730)	(7,737)	(191)
Guarantee money (plus or minus)	(193,203)	4,253	(195,774)
Dividend income	(1,933)	(2,333)	(2,388)
Interest payment	1,145	1,617	2,012
Gains on sales of securities	(44,304)	-	(74,068)
Profit by redemption	(7,605)	(133)	(9,997)
Loss on disposal of fixed assets	214	-	284
Gains on disposal of fixed assets	-	(126)	-
Trade receivable (plus or minus)	(177,820)	(415,319)	(634)
Inventories	(179,309)	(45,676)	(176,678)
Liabilities (plus or minus)	849,199	429,751	365,994
Outstanding accounts	(15,724)	(108,895)	21,888
Directors' bonuses	(10,600)	(4,000)	(10,600)
Others	(30,927)	76,723	(60,220)
	435,698	225,595	313,273
Interest and allotments receivable	1,921	2,333	2,388
Interest paid	(925)	(1,617)	(1,792)
Payable Corporate taxes	(25,661)	(164,001)	(168,180)
Cash flows by operating	411,033	62,310	145,688

	April 1 to Sept.	March 1 to August 31, 2006	April 1, 2005 to Feb. 28, 2006
	Amount	Amount	Amount
<b>II Cash flows from investing activities</b>			
Purchases of securities	(2,139)	(36,889)	(56,188)
Proceeds from sales of securities	80,283	-	123,057
Payments for insurance reserves	(13,148)	(15,418)	(28,434)
Proceeds from cancellation of insurance	15,323	266	20,103
Purchases of tangible fixed assets	(20,928)	(99,166)	(49,605)
Proceeds from sales of tangible fixed assets	120	2,335	120
Purchases of intangible fixed assets	-	(1,500)	-
Payments for loans receivable	(500,000)	(16,900)	(602,045)
Others	5,799	-	15,698
<b>Cash flows by investing activities</b>	<b>(434,691)</b>	<b>(167,273)</b>	<b>(577,295)</b>
<b>III Cash flows from financing activities</b>			
Increase in short-term borrowings	570,000	310,000	1,400,000
Decrease in short-term borrowings	(596,000)	(216,000)	(1,368,000)
Decrease in long-term borrowings	(2,744)	-	(2,744)
Proceeds from stocks issued	33,604	3,384	60,419
Net purchases of treasury stocks	(454)	(216)	(1,160)
Payments for dividends	(72,764)	(115,218)	(73,058)
<b>Net cash provided by (used in) Financing activities</b>	<b>(68,358)</b>	<b>(18,049)</b>	<b>15,456</b>