

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

April 12, 2007

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

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Masaru Kawakami, Director of Administrative Manager
Board meeting for approval of results: April 12, 2007

1. Interim Financial Results (March 1, 2006 - February 28, 2007)

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

	Sales		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%
February 2007	15,862	(-)	602	(-)	612	(-)
February 2006	12,413	(-)	339	(-)	405	(-)

	Net income		Net income per share	After adjustment per share
	Million yen	%		
February 2007	356	(-)	43.09 Yen	42.96 Yen
February 2006	265	(-)	32.04	31.66

	Equity capital	Total asset profit	Gross profit margin
	Net profit ratio	ratio	
February 2007	11.6%	11.9%	3.9%
February 2006	9.3	9.0	3.3

Ref. Average numbers of stocks February 2007 8,273,753 stocks
February 2006 8,156,923 stocks

(2) Consolidated financial position

	Total assets	Net assets	Capital ratio	Net asset per share
	Million yen	Million yen	%	
February 2007	5,224	3,185	60.9	382.47 Yen
February 2006	5,083	2,983	58.7	360.42

(3) Consolidated cash flow position

	Ash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the period end
	Million yen	Million yen	Million yen	Million yen
February 2007	106	251	15	553
February 2006	145	577	15	895

2. Forecast for the Fiscal Year Ending February 2008 (March 1, 2007 - February 29,2009)

	Sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	7,774	316	185
Full Year	16,000	680	404

Reference: Estimated net income per common share for the full year: ¥48.65

(Description of consolidated subsidiaries)

Name	Address	Equity (Million yen)	Main business	Rate of voting rights	Relations
SAN-S CO.,LTD.	Chuo-ku Osaka	10	Wholesaling of character goods	100%	Purchase and sales of products Loans Concurrent directors (6)
KD-System CO.,LTD.	Chiyoda-ku, Tokyo	40	Planning, development and sales of electronic toys and electronic miscellaneous	100%	Purchase and sales of products Loans Concurrent directors (3)
Nakanukiya CO., LTD.	Chuo-ku, Osaka	30	Sales of electronic apparatus, toys and cosmetic goods and etc.	100%	Relief funds and Concurrent directors (4)

(1) Business performance

(a) Summary for current fiscal year

	Sales	Operating Income	Ordinary Income	Net income	Net income Per share
	Million yen	Million yen	Million yen	Million yen	
February 2006	12,413	339	405	265	32.04 yen
February 2007	15,861	602	612	356	43.09

(2) Financial position

Summary for current fiscal year

(Unit: thousand yen)

	April 1, 2005 to Feb. 28, 2006	March 1, 2006 to Feb. 28, 2007	Growth
Cash flows from operating activities	145,688	106,058	-
Cash flows from investing activities	577,295	251,604	-
Cash flows from financing activities	15,456	15,623	-
Increase in cash and cash equivalents	1,014	-	-
Cash and cash equivalents at beginning of year	415,135	342,039	-
Cash and cash equivalents at beginning of year	1,310,346	895,210	-
Cash and cash equivalents at end of year	895,210	553,170	-

- Owing to the change the fiscal year to the end of Feb. from the end of March, there is Not showing the Growth rate.

Cash flows indices

	April 1, 2004 to March 31, 2005	April 1, 2005 to February 28, 2006	March 1, 2006 to Feb. 28, 2007
Ratio of equity to total assets(%)	70.4	58.7	60.9
Ratio of equity to total assets on A market of price basis(%)	178.9	125.2	95.4
Years of debt redemption	0.3	0.6	2.3
Interest coverage ratio	141.6	176.1	30.1

Ratio of equity to total assets: equity/total assets

Ratio of equity to total assets on a market price basis: total equity on a market price basis/total assets

(3) Projections for the Next Fiscal Year

(Consolidated)

	Sales	Ordinary income	Net income	Net income per Share
	Million yen	Million yen	Million yen	
Fiscal year ended Feb. 2007 (Actual Performance)	15,861	612	356	43.09 Yen
Fiscal year ended Feb. 2008 (Projected Performance)	16,000	680	404	48.65
Growth Rate (%)	0.9	11.1	13.5	-

(Non-consolidated)

	Sales	Ordinary income	Net income	Net income per Share
	Million yen	Million yen	Million yen	
Fiscal Year ended Feb. 2008 (Actual Performance)	7,492	564	316	38.21 Yen
Fiscal Year ended February, 2009 (Projected Performance)	7,650	580	319	38.34
Growth Rate (%)	2.1	2.7	0.9	-

We will cater to our clients` demands for products and services try to introduce innovations in fields including planning, distribution and sales, and develop new products as well as services. In particular we will continue to strengthen marketing activities to clients with a large number of stores, promote the uniqueness of our original products, and promptly provide clients with up-to-date character goods. All these efforts are intended to increase our market share in the industry. Also, we will have to establish a system whereby stable high profits can be maintained while minimizing increases in inventories.

3 . Consolidated Financial Statement

(1) Balance sheets

	As of Feb. 28, 2006		As of Feb. 28, 2007		Difference Amount
	Amount	%	Amount	%	
(Assets)					
I Current assets					
1 . Cash and cash equivalents	895,210		553,170		-342,039
2 . Trade notes and accounts Receivable	1,062,061		1,424,381		362,320
3. Inventories	1,048,255		1,093,594		45,338
4. Deferred tax assets	137,835		97,848		-39,987
5. Other currents assets	115,995		166,653		50,657
Allowances for doubtful Accounts	-3,577		-4,740		-1,162
Total current assets	3,255,781	64.0	3,330,908	63.8	75,126
II Fixed assets					
(1) Tangible fixed assets					
1. Buildings	243,955		293,340		49,385
2. Vehicles	6,750		4,508		-2,241
3. Others	29,429		48,160		18,731
4. Land	278,748		278,748		-
5. Construction in progress	46,000		-		-46,000
Total tangible fixed assets	604,883	11.9	624,758	12.0	19,874
(2) Intangible fixed assets					
1. Telephone rights	6,410		6,410		-
2. Others	334		1,699		1,365
Total intangible fixed assets	6,744	0.2	8,110	0.1	1,365

	As of February 28, 2006		As of February 28, 2007		Difference
	Amount		Amount		Amount
(3) Investments and other assets					
1. Investments securities	239,377		276,775		37,398
2. Claim in bankruptcy and reorganization	1,265		4,204		2,939
3. Security Money	540,797		507,342		-33,454
4. Reserves for insurance	293,951		332,081		38,130
5. Deferred tax assets	136,667		139,236		2,568
6. Others	5,714		5,293		-420
Allowances for doubtful accounts	-1,265		-4,204		-2,939
	1,216,508	23.9	1,260,729	24.1	44,221
Total investments and other assets	1,828,135	36.0	1,893,598	36.2	65,462
Total fixed assets	5,083,917	100.0	5,224,507	100.0	140,589
Total assets					
(Liabilities)					
I Current liabilities					
1. Trade accounts payable	1,039,110		1,048,812		9,701
2. Short-term borrowings	194,000		352,000		158,000
3. Other account payable	398,746		157,830		-240,915
4. Accrued expenses	56,505		58,754		2,249
5. Accrued income taxes	167,798		176,062		8,263
6. Accrued bonuses	54,153		64,785		10,631
7. Point allowance	61,694		14,280		-47,414
8. Others	25,604		69,924		44,320
Total current liabilities	1,997,612	39.3	1,942,451	37.2	-55,161
II Fixed debt					
1. Retirement reserve	78,002		71,055		-6,946
2. Deposit	25,000		25,220		220
Total fixed dept	103,002	2.0	96,275	1.8	-6,726
Total debt	2,100,614	41.3	2,038,726	39.0	-61,888

	As of February 28, 2006		As of February 28, 2007		Difference
	Amount		Amount		Amount
(Capital)					
I Capital	425,035	8.4	-		-425,035
II Capital surplus	456,051	9.0	-		-456,051
III Net income	2,093,430	41.2	-		-2,093,430
IV Income from another stocks	17,526	0.3	-		-17,526
V Existing share	-8,741	-0.2	-		8,741
Total capital	2,983,302	58.7	-		-2,983,302
Total of debt and capital	5,083,917	100.0	-		-5,083,917
(Net property)					
I Shareholders	-	-	436,438	8.4	436,438
2.Capital surplus	-	-	467,398	8.9	467,398
3.Net income	-	-	2,280,600	43.7	2,280,600
4.Own stocks	-	-	-9,071	-0.2	-9,071
Total share holders	-	-	3,175,366	60.8	3,175,366
II Valuations					
1. Other paper losses	-	-	7,264	0.1	7,264
Total paper losses	-	-	7,264	0.1	7,264
III Equity warrant			3,150	0.1	3,150
Net property total	-	-	3,185,780	61.0	3,185,780
Net debt total	-	-	5,224,507	100.0	5,224,507

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4. Income statements

	As of April 1, 2006 to February 28, 2007		As of March 1, 2007 to February 28, 2008	
	Amount	%	Amount	%
I Sales	12,413, 851	100.0	15,861,901	100.0
II Cost of sales	9,378, 041	75.5	11,879,907	74.9
Gross profit	3,035, 809	24.5	3,981,994	25.1
III Selling, general and administrative expenses	2,696, 124	21.8	3,379,735	21.3
Operating income	339, 684	2.7	602,259	3.8
IV Non-operating income				
1. Interest income	427		2,007	
2. Receivable allotments	1,960		2,188	
3. Profit of sold securities	49,036		-	
4. Profit of cancellation of insurance	9,997		3,776	
5. Lease income	10,943		10,159	
6. Other non-operating income	19,710		14,642	
Total non-operating income	92,076	0.8	32,774	0.2
V Non-operating expenses				
1. Interest payments	2,012		4,911	
2.. Receivable allotment	-		5,489	
3. Losses Foreign exchange)	7,020		-	
4. Cost of Lease	12,282		5,517	
5. Other expenses	4,805		6,790	
Total non-operating expenses	26,121	0.2	22,709	0.1
Ordinary profit	405,639	3.3	612,324	3.9
VI Extraordinary income				
1. Income sold of fixed assets	-		126	
2. Gains on sales of securities	25,031		-	
3. Gains due fire insurance	26,682		-	
4. Profit from adjustment	-		40,130	
5. Adjustment of Point card	24,617	0.6	5,832	0.2
VII Extraordinary losses				
1. Losses on sales of fixed assets	-284	0.0	-774	0.0
2. Income before income taxes	481,686	3.9	657,640	4.1
Current income taxes	-305,906		-256,647	
Deferred income taxes	-89,592	1.8	44,443	1.9
Net income	265,372	2.1	356,549	2.2

5) Retained surplus statements

(Unit: thousand yen)

	As of April 1, 2006 to February 28, 2006	
	Amounts	
(Capital surplus)		
I Capital surplus at beginning of year		425,922
II Additional paid-in capital increase		
1. New stocks issued for capital increase	30,128	30,128
III Capital surplus at end of year		456,051
(Retained surplus)		
I Retained surplus at beginning of year		1,911,604
II Increase in capital surplus		
1. Net income	265,372	265,372
III Decrease in retained surplus		
1. Dividends	72,945	
2. Director's bonuses	10,600	83,545
IV Retained surplus at end of year		2,093,430

6) Consolidated Cash flows statements

	April 1, 2005 to February 28, 2006	March 1, 2006 to February 28, 2007
	Amount	Amount
I Cash flows from operating activities		
Income before income taxes	481,686	657,640
Depreciation and amortization	33,978	54,048
Reserve for bonus/plus or minus	5,413	10,631
Reserves	-42,814	4,102
Reserves for Point discount	-24,617	-47,414
Reserves for retirement benefits	-191	-6,946
Guarantee money(plus or minus)	-195,774	33,454
Interest & dividend incomes	-2,388	-4,195
Interest paid	2,012	4,911
Capital gains on stock sales	-74,068	-
Valuation losses on stock sales	-	5,489
Gains from cancellation of insurance	-9,997	-3,776
Gains of fixed assets	-	-126
Losses of fixed assets	284	-
Losses from fixed assets	-	774
Plus or Minus of trade receivable	-634	-365,438
Plus or Minus of Inventories	-176,678	-45,338
Purchasing debt (Plus or Minus)	365,994	16,525
Pending accounts	21,888	-213,876
Payments of director's bonuses	-10,600	-4,000
Others	-60,220	52,627
Sub-total	313,273	149,093
Interest and dividend received	2,388	4,195
Interest paid	-1,792	-5,092
Income taxes paid	-168,180	-254,255
Net cash provided by operating activities	145,688	-106,058

(Unit: thousand yen)

	April 1, 2005 to February 28, 2006	March 1, 2006 to February 28, 2007
	Amount	Amount
II Cash flows from investing activities		
Purchases of securities	-56,188	-60,175
Proceeds from sales of securities	123,057	-
Payments for reserves for insurance	-28,434	-43,394
Proceeds from cancellation of insurance	20,103	7,900
Purchases of tangible fixed assets	-49,605	-139,767
Proceeds from sales of tangible fixed assets	120	2,342
Purchases of intangible fixed assets	-	-1,710
Payments for acquisitions of goodwill	-602,045	-16,900
Others	15,698	100
Cash flows from investing activities	-577,295	-251,604
III Cash flows from financing activities		
Increase in short-term borrowings	1,400,000	950,000
Decrease in short-term borrowings	-1,368,000	-792,000
Decrease in long-term borrowings	-2,744	-
Proceeds from stocks issued	60,419	22,750
Net purchases of treasury stocks	-1,160	-330
Payments for dividends	-73,058	-164,796
Cash flows from financing activities	15,456	15,623
IV Increase in cash and cash equivalents	1,014	-
V Cash and cash equivalents	-415,135	-342,039
VI Cash and cash equivalents at beginning of year	1,310,346	895,210
VII Cash and cash equivalents at end of year	895,210	553,170