

Brief Interim Report on Consolidated Settlement of Accounts
For the Term Ending on February 28,2009

OCT. 10, 2008

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Stock Code: 7608 (URL <http://www.sk-japan.co.jp>)
Stock Exchange listing: TSE/OSE first section
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Board meeting for approval of results on Oct.10 2008.
US Accounting system not adopted

1.Financial Results (March 1 to August 31,2008)

(1) Consolidated Results of Operation

(Figures are rounded to million yen.)

	Sales		Operating Income		Ordinary Income		Net Income	
	¥mn	%	¥mn	%	¥mn	%	¥mn	%
August 2008	4,543	△38.8	△202	-	△211	-	△239	-
August 2007	7,423	△5.9	152	△38.8	157	△39.7	△17	-
End-Feb.2008	14,730	△7.1	155	△74.1	148	△75.7	△489	-

	Earnings per share	Fully Diluted Earnings per share
	Yen	Yen
August 2008	△29.13	-
August 2007	△2.12	-
End-Feb.2008	△58.94	-

(2)Fiscal situation,consolidated

	Total Assets	Net Assets	Ratio of equity to Total assets	Book value per share
August 2008	3,915 ¥mn	2,259 ¥mn	57.4 %	273.21 Yen
August 2007	5,551	3,107	55.9	371.82
End-Feb.2008	4,590	2,545	55.2	308.28

(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 2008	△252	△18	△83	601
August 2007	581	△16	△100	1,017
End-Feb.2008	626	△15	△200	958

2.Dividend Payment

	Annual dividend per share		
	Interim	Term end	annual
	Yen	Yen	Yen
February 2008	6.00	6.00	12.00
February 2009	6.00	-	12.00
February 2009(Forecast)	-	6.00	

3.Expectation of Consolidated Financial Results (March 1, 2008 to February 28, 2009)

	Estimated sales		Operating Income		Ordinary Income		Net Income		Earnings per share
	¥mn	%	¥mn	%	¥mn	%	¥mn	%	Yen
Full term	9,600	△34.8	△109	-	△116	-	△190	-	△23.10

* %—an increase and decrease rate to the previous term

Consolidated(Interim)Balance Sheet

(Unit: thousand yen)

Item	Term	As of August 31, 2007		As of August 31, 2008		As of February 29, 2008	
		Amount	Ratio			Amount	Ratio
(Assets)			%				%
I.Current assets							
Cash and deposits		1,017,069		601,860		958,462	
Notes and accounts receivable		1,555,123		1,162,082		1,193,613	
Inventories		978,230		595,868		626,987	
Deferred tax assets		74,895		61,029		52,828	
Other allowance for doubtful accounts		110,767 (4,837)		168,773 (5,309)		397,985 (5,158)	
Total Current assets		3,731,249	67.2	2,584,305	66.0	3,224,719	70.3
II.Fixed assets							
Tangible fixed assets							
Buildings and structures		287,162		194,050		199,558	
Land		278,748		278,748		278,748	
Other		58,070		38,405		12,568	
Total Tangible fixed assets		623,981		511,204		490,875	
Intangible fixed assets							
Telephone subscription		6,410		-		-	
Other		1,483		5,357		5,160	
Total Intangible fixed assets		7,893		5,357		5,160	
Investments and other assets							
Investment in securities		205,829		167,479		188,452	
Deferred tax assets		177,661		139,714		170,820	
Other		810,100		521,147		517,376	
Allowance for doubtful accounts		(4,768)		(13,570)		(7,065)	
Total investments and other assets		1,188,824		814,771		869,584	
Total Fixed assets		1,820,700	32.8	1,331,333	34.0	1,365,621	29.7
Total Assets		5,551,949	100.0	3,915,638	100.0	4,590,341	100.0

(Figures are rounded to thousand yen.)

Consolidated(Interim)Balance Sheet

(Unit: thousand yen)

Item	Term	As of August 31, 2007		As of August 31, 2008		As of February 29, 2008	
		Amount	Ratio			Amount	Ratio
(Liabilities)			%				%
I. Current liabilities							
Trade accounts payable		1,564,030		957,257		1,026,677	
Short-term loans payable		310,000		268,000		302,000	
Accounts payable-other		149,198		177,088		221,882	
Accrued income taxes		123,829		3,627		91,181	
Reserve for bonuses		82,515		56,550		54,624	
Point allowance		6,657		-		-	
Other		107,198		101,969		220,581	
Total Current liabilities		2,343,429	42.2	1,564,493	40.0	1,916,948	41.8
II. Long-term liabilities							
Reserve for retirement benefits		71,009		85,629		89,631	
Deposit		25,220		220		220	
Other		4,782		6,112		38,414	
Total Long-term liabilities		101,012	1.8	91,962	2.3	128,265	2.8
Total liabilities		2,444,442	44.0	1,656,455	42.3	2,045,213	44.6
(Net assets)							
I. Owners' equity							
Paid-in capital		440,948	7.9	440,948	11.3	440,948	9.6
Capital surplus		471,887	8.5	471,887	12.1	471,887	10.3
Earned surplus		2,196,315	39.6	1,385,147	35.4	1,674,126	36.4
Treasury stock		(9,556)	(0.2)	(50,976)	(1.4)	(50,888)	(1.1)
Total Owners' equity		3,099,594	55.8	2,247,007	57.4	2,536,073	55.2
II. Valuation and translation adjustments							
Valuation difference on available-for-sale securities		2,047	0.1	355	0.0	288	0.0
Postponement hedge profit and loss		-		17	0.0	(382)	0.0
Total Valuation and translation adjustment		2,047	0.1	373	0.0	(93)	0.0
III. Equity warrant							
		5,865	0.1	11,802	0.3	9,147	0.2
Total net assets		3,107,507	56.0	2,259,183	57.7	2,545,127	55.4
Total liabilities and net assets		5,551,949	100.0	3,915,638	100.0	4,590,341	100.0

(Figures are rounded to thousand yen.)

Comparative Profit & Loss Statements

(thousand of yen)

Item	Term	From March 1 to August 31 2007		From March 1 to August 31 2008		From March 1,2007 to February 29,2008	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
			%				%
I Sales		7,423,696	100.0	4,543,502	100.0	14,730,833	100.0
II Cost of sales		5,578,870	75.1	3,410,944	75.1	11,116,044	75.5
Gross profit		1,844,825	24.9	1,132,558	24.9	3,614,788	24.5
III Selling, general & administrative expenses		1,692,743	22.9	1,335,537	29.4	3,458,922	23.4
Operating income		152,081	2.0	(202,979)	(4.5)	155,866	1.1
IV Non-operating income		18,876	0.3	21,015	0.5	42,151	0.3
V Non-operating expenses		13,857	0.2	29,186	0.6	49,199	0.4
Ordinary income		157,100	2.1	(211,149)	(4.6)	148,819	1.0
VI Extraordinary gains		36,074	0.5	31,169	0.7	42,724	0.3
VII Extraordinary losses		103,390	1.4	35,402	0.8	432,686	2.9
Pretax net income for the current term		89,783	1.2	(215,383)	(4.7)	(241,142)	(1.6)
Income taxes		119,401		1,651		230,240	
Income taxes deferred		(11,901)		22,585		18,472	
Net Income /losses		(17,716)	(0.2)	(239,620)	(5.3)	(489,855)	(3.3)

(Figures are rounded to thousand yen.)

Comparative Statements of Cash Flow

(thousand of yen)

Item	Term	From March 1, 2007 to August 31, 2007	From March 1, 2008 to August 31, 2008	From March 1, 2007 to February 29, 2008
		Amount	Amount	Amount
I	Cash flows from operating activities			
	Net income before income taxes	89,783	(215,383)	(241,142)
	Depreciation and amortization	24,006	8,405	53,238
	Loss on impairment of fixed assets	10,808	—	2,516
	Store close loss	—	34,807	—
	Write-down of investment in securities	100,153	8,468	124,304
	Disadvantageous of investment in securities	—	16,718	—
	Increase in accrued bonuses	17,730	1,925	(10,160)
	Increase in allowance for doubtful accounts	661	6,655	3,278
	Point discount reserves	(7,623)	—	(14,280)
	Decrease in reserve for retirement benefits	(45)	(4,001)	18,576
	Guarantee maney	27,066	227,702	9,998
	Interest income and dividend receivable	(3,256)	(4,547)	(6,010)
	Interest expense	3,278	2,299	5,857
	Profit by expiration of insurance	(36,074)	(10,709)	(38,266)
	Loss on sales of fixed assets	311	24	849
	Trade receivable	(131,318)	27,370	227,089
	Inventories	115,363	31,118	466,606
	Notes and accounts payable	515,218	(69,420)	(22,134)
	Outstanding accounts	(11,113)	(95,061)	63,509
	Other	(44,796)	(129,797)	212,790
	Sub total	670,154	(163,424)	856,619
	Interest income and dividend received	3,256	4,418	6,010
	Interest paid	(3,213)	(2,406)	(5,714)
	Income tax paid	(172,676)	(91,022)	(314,572)
	Refund of income tax	83,789	—	83,789
	Net cash provided by operating activities	581,310	(252,435)	626,132
II	Cash flow from investing activities			
	Purchases of investment in securities	(37,993)	(6,174)	(47,731)
	Income by clearance of investment in securities	—	2,054	—
	Payment for insurance reserves	(19,144)	(18,151)	(36,724)
	Proceeds from cancellation of insurance	—	12,865	35,581
	Gains on expiration of insurance	66,126	20,031	70,133
	Purchases of tangible fixed assets	(26,000)	(29,219)	(37,748)
	Proceeds from sales of tangible fixed assets	201	70	1,192
	Other	—	(41)	0
	Net cash provided by investing activities	(16,810)	(18,565)	(15,296)
III	Cash flow from financing activities			
	Borrowing on short-term loans	1,165,000	410,000	2,005,000
	Repayment of short-term loans	(1,207,000)	(444,000)	(2,055,000)
	Proceeds from stocks issued	8,998	—	8,998
	Repurchases of treasury stocks	(485)	(87)	(41,817)
	Payments for dividends	(67,113)	(49,343)	(117,347)
	Net cash provided by investing activities	(100,600)	(83,431)	(200,166)
IV	Effects of exchange rate changes on cash and cash equivalents	—	(2,170)	(5,377)
V	Increase (Decrease)in chash and cash equivalents	463,898	(356,602)	405,291
VI	Cash and cash equivalents at beginning of term	553,170	958,462	553,170
VII	Cash and cash equivalents at end of term	1,017,069	601,860	958,462

(Figures are rounded to thousand yen.)

Trend of cash flows

Item	Term	February 2007		February 2008		FEB. 2009
		Interim	Year-end	Interim	Year-end	Interim
Our own ratio		54.9	60.9	55.9	55.2	57.4
Current (%)		95.3	95.4	75.1	52.5	50.4
Debt repayment(Year)		0.6	2.3	0.2	0.4	-
Interest coverage ratio		140.9	30.1	209.6	150.9	-