

Brief Interim Report on Consolidated Settlement of Accounts  
For the Term Ending on February 28, 2010

April 14, 2010

S K Japan Co., Ltd. Osaka Tel: 81-6-6765-0670  
Stock Code: 7608 (URL <http://www.sk-japan.co.jp>)  
Stock Exchange listing: TSE/OSE first section

Contact: Satoshi Kubo, CEO  
Masaru Kawakami, Director of Administrative Manager

1. Interim Financial Results (March 1, 2009 - February 28, 2010)

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

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
February 2010	9,585	(3.5)	493	(-)	527	(-)
February 2009	9,264	( $\Delta$ 37.1)	$\Delta$ 437	(-)	$\Delta$ 476	(-)

	Net income		Net income per share	After adjustment per share
	Million yen	%	Yen	Yen
February 2010	302	(-)	36.74	--
February 2009	$\Delta$ 789	(-)	$\Delta$ 95.93	--

	Equity capital	Total asset profit	Gross profit margin
	Net profit ratio	ratio	
February 2010	17.1%	14.7%	5.1%
February 2009	$\Delta$ 37.7	$\Delta$ 11.6	$\Delta$ 4.7

(2) Consolidated financial position

	Total assets	Net assets	Capital ratio	Net asset per share
	Million yen	Million yen	%	Yen
February 2010	3,608	1,889	52.1	228.45
February 2009	3,587	1,665	46.0	200.73

(3) Consolidated cash flow position

	Cash 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 2010	450	299	$\Delta$ 394	823
February 2009	$\Delta$ 517	$\Delta$ 232	269	472

2. Consolidated forecast for the Fiscal Year Ending February 2011 (March 1, 2010 - February 28, 2011)

	Sales		Operating income	
	Million yen	%	Million yen	%
Interim	4,335	(△5.0)	65	(△55.0)
Full Year	8,900	(△7.2)	185	(△62.5)

	Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Yen
Interim	67	(△60.0)	59	(△81.9)	7.28
Full Year	188	(△64.3)	160	(△46.8)	19.54

3. Interim Financial Results (March 1, 2009 - February 28, 2010)

(1) Non-consolidated Results of Operation (Figures are rounded to million yen)

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
February 2010	6,016	(15.3)	435	(-)	496	(-)
February 2009	5,219	(△28.7)	△233	(-)	△248	(-)

	Net income		Net income per share	After adjustment per share
	Million yen	%	Yen	Yen
February 2010	311	(-)	37.82	--
February 2009	△494	(-)	△60.07	--

(2) non-consolidated financial position

	Total assets	Net assets	Capital ratio	Net asset per share
	Million yen	Million yen	%	Yen
February 2010	2,873	1,603	55.5	193.76
February 2009	2,679	1,371	50.6	164.97

4. non-consolidated forecast for the Fiscal Year Ending February 2011 (March 1, 2010 - February 28, 2011)

	Sales		Operating income	
	Million yen	%	Million yen	%
Interim	2,704	(△6.6)	43	(△66.7)
Full Year	5,400	(△10.2)	91	(△79.1)

	Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Yen
Interim	54	(△67.7)	52	(△81.2)	6.33
Full Year	113	(△77.2)	109	(△65.0)	13.25

## 5. Consolidated Financial Statement

## (1) Balance sheets

(Unit: thousand yen)

	As of Feb. 28, 2009		As of Feb. 28, 2010	
	Amount	%	Amount	%
(Assets)				
I Current assets				
1. Cash and cash equivalents	472,988		823,796	
2. Trade notes and accounts receivable	1,040,952		1,279,830	
3. Inventories	483,686		364,600	
4. Deferred tax assets	9,952		15,603	
5. Other current assets	235,556		55,922	
Allowances for doubtful Accounts	△5,905		△7,053	
Total current assets	2,237,180	62.4	2,532,700	70.2
II Fixed assets				
(1) Tangible fixed assets				
1. Buildings	368,277		341,087	
2. Vehicles	2,064		1,757	
3. Others	16,855		13,222	
4. Land	332,546		332,546	
Total tangible fixed assets	719,743	20.1	678,613	18.8
(2) Intangible fixed assets				
1. Others	5,294		5,722	
Total intangible fixed assets	5,294	0.1	5,722	0.1

	As of February 28, 2009		As of February 28, 2010	
	Amount	%	Amount	%
(3) Investments and other assets				
1. Investments securities	141,715		64,053	
2. Claim in bankruptcy and reorganization	18,824		20,928	
3. Security Money	163,113		95,036	
4. Reserves for insurance	314,851		227,169	
5. Deferred tax assets	2,857		3,470	
6. Others	2,714		2,064	
Allowances for doubtful accounts	△18,824		△20,928	
Total investments and other assets	625,251	17.4	391,794	10.9
Total fixed assets	1,350,289	37.6	1,076,130	29.8
Total assets	3,587,470	100.0	3,608,831	100.0

	As of February 28, 2009		As of February 28, 2010	
	Amount	%	Amount	%
(Liabilities)				
I Current liabilities				
1. Trade accounts payable	812,573		651,975	
2. Short-term borrowings	670,000		350,000	
3. Other account payable	181,269		113,072	
4. Accrued expenses	66,336		50,883	
5. Accrued income taxes	1,265		194,220	
6. Accrued bonuses	41,006		41,611	
7. Others	41,322		89,667	
Total current liabilities	1,813,776	50.6	1,491,430	41.3
II Fixed debt				
1. Retirement reserve	103,268		104,733	
2. The reserve for retirement benefits for directors and corporate auditors	—		120,645	
3. Deposit	220		220	
4. Others	4,385		2,461	
Total fixed dept	107,874	3.0	228,061	6.3
Total debt	1,921,650	53.6	1,719,491	47.6

	As of February 28, 2009		As of February 28, 2010	
	Amount	%	Amount	%
(Net property)				
1. Shareholders	440,948	12.3	440,948	12.2
2. Capital surplus	471,887	13.1	471,887	13.1
3. Net income	786,311	21.9	1,014,501	28.1
4. Own stocks	△50,995	△1.4	△51,122	△1.4
Total share holders	1,648,152	45.9	1,876,215	52.0
II Valuations				
1. Other paper losses	1	0.0	4,246	0.1
2. Others	3,052	0.1	△1,340	△0.0
Total paper losses	3,054	0.1	2,905	0.1
III Equity warrant	14,613	0.4	10,218	0.3
Net property total	1,665,819	46.4	1,889,339	52.4
Net debt total	3,587,470	100.0	3,608,831	100.0

## (2) Income statements

(Unit: thousand yen)

	As of March 1, 2008 to February 28, 2009		As of March 1, 2009 to February 28, 2010	
	Amount	%	Amount	%
I Sales	9,264,322	100.0	9,585,731	100.0
II Cost of sales	7,079,128	76.4	6,865,927	71.6
Gross profit	2,185,193	23.6	2,719,804	28.4
III Selling, general and administrative expenses	2,622,351	28.3	2,226,650	23.2
Operating income	△437,158	△4.7	493,153	5.1
IV Non-operating income				
1. Interest income	3,054		484	
2. Receivable allotments	3,987		3,780	
3. Profit of cancellation of insurance	7,386		—	
4. Lease income	2,144		414	
5. Other non-operating income	9,360		44,121	
Total non-operating income	25,933	0.3	48,801	0.5
V Non-operating expenses				
1. Interest payments	7,866		8,194	
2. Receivable allotment	35,039		—	
3. Cost of Lease	1,361		950	
4. Other expenses	20,621		5,262	
Total non-operating expenses	64,888	0.7	14,408	0.2
Ordinary profit	△476,113	△5.1	527,547	5.5
VI Extraordinary income				
1. Income sold of fixed assets	13,383		—	
2. Gains due fire insurance	5,014		107,105	
3. Profit from adjustment	12,343		11,715	
4. Others	20,117		66,486	
Total extraordinary income	50,858		185,306	
VII Extraordinary losses				
1. Losses on sales of fixed assets	4,064		519	
2. Amount of the reserve for retirement benefits for directors and corporate auditors putting in	—		113,407	
3. Store close loss	128,234		—	
4. Commodity defective loss	—		93,202	
5. Others	7,418		24,772	
Income before income taxes	△564,973	△6.1	480,951	5.0
Current income taxes	6,595		191,750	
Deferred income taxes	217,532		△13,021	
Net income	△789,101	△8.5	302,222	3.2

## (3) Consolidated statements of shareholders equity

Previous term (from March 1, 2008 to February 28, 2009) (Unit: thousand yen)

	Shareholder's equity				
	Capital stock	Capital reserve	Profit reserve	Treasury stock	Total
Balance as of 29 february 2008	440,948	471,887	1,674,126	△50,888	2,536,073
Change in current term					
Dividend of profit reserve			△98,713		△98,713
Net loss			△789,101		△789,101
Purchase of treasury Stock				△106	△106
Others					
Change in current term total	—	—	△887,814	△106	△887,921
Balance as of 28 February 2009	440,948	471,887	786,311	△50,995	1,648,152

	Difference from revaluation and exchange rate change			Minority interest	Net assets total
	Difference for stock revaluation	Postponement hedging profit and loss	Difference from revaluation and exchange rate change total		
Balance as of 29 february 2008	288	△382	△93	9,147	2,545,127
Change in current term					
Dividend of profit reserve					△98,713
Net loss					△789,101
Purchase of treasury stock					△106
Others	△287	3,435	3,148	5,466	8,614
Change in current term total	△287	3,435	3,148	5,466	△879,307
Balance as of 28 February 2009	1	3,052	3,054	14,613	1,665,819

## (3) Consolidated statements of shareholders equity

Current term (from March 1, 2009 to February 28, 2010) (Unit: thousand yen)

	Shareholder's equity				
	Capital stock	Capital reserve	Profit reserve	Treasury stock	Total
Balance as of 28 february 2009	440,948	471,887	786,311	△50,995	1,648,152
Change in current term					
Dividend of profit reserve			△74,032		△74,032
Net loss			302,222		302,222
Purchase of treasury stock				△127	△127
Others					
Change in current term total	—	—	228,190	△127	228,062
Balance as of 28 February 2010	440,948	471,887	1,014,501	△51,122	1,876,215

	Difference from revaluation and exchange rate change			Minority interest	Net assets total
	Difference for stock revaluation	Postponement hedging profit and loss	Difference from revaluation and exchange rate change total		
Balance as of 28 february 2009	1	3,052	3,054	14,613	1,665,819
Change in current term					
Dividend of profit reserve					△74,032
Net loss					302,222
Purchase of treasury stock					△127
Others	4,244	△4,393	△148	△4,395	△4,543
Change in current term total	4,244	△4,393	△148	△4,395	233,519
Balance as of 28 February 2010	4,246	△1,340	2,905	10,218	1,889,339



## (4) Consolidated Cash flows statements

(Unit: thousand yen)

	March 1, 2008 to February 28, 2009	March 1, 2009 to February 28, 2010
	Amount	Amount
I Cash flows from operating activities		
Loss before income taxes	△564,973	480,951
Depreciation and amortization	20,381	30,979
The reserve for retirement benefits for directors and corporate auditors	—	120,645
Reserve for bonus/plus or minus	△13,618	604
Reserves	12,507	3,251
Reserves for Point discount	—	
Reserves for retirement benefits	13,636	1,465
Guarantee money(plus or minus)	334,230	69,046
Interest & dividend incomes	△7,041	△4,264
Interest paid	7,866	8,194
Investment securities clearance profit and loss	16,718	3,863
Investment securities appraisal loss profit	35,039	—
Gains from cancellation of insurance	△12,400	△107,105
Insurance maturity give back profit	△12,343	△11,715
Gains of fixed assets	△9,318	519
Losses from fixed assets	3,324	—
Plus or Minus of trade receivable	148,952	△238,452
Plus or Minus of Inventories	143,350	119,035
Purchasing debt (Plus or Minus)	△214,103	△160,598
Pending accounts	△51,337	△56,930
Others	△165,965	98,249
Sub-total	△315,095	357,740
Interest and dividend received	6,839	4,230
Interest paid	△8,376	△7,818
Income taxes paid	△200,745	△4,437
Amount of refund of corporation tax etc	—	101,144
Net cash provided by operating activities	△517,377	450,859

	March 1, 2008 to February 28, 2009	March 1, 2009 to February 28, 2010
	Amount	Amount
II Cash flows from investing activities		
Purchases of securities	△7,587	△17,172
Payments for reserves for insurance	△35,637	△56,893
Proceeds from cancellation of insurance	17,432	261,245
Proceeds from expiration of insurance	23,038	22,050
Purchases of tangible fixed assets	△299,014	△35,008
Proceeds from sales of tangible fixed assets	67,963	409
Others	1,399	125,021
Cash flows from investing activities	△232,404	299,653
III Cash flows from financing activities		
Pure reduction of short-term loans payable	—	320,000
Increase in short-term borrowings	1,890,000	—
Decrease in short-term borrowings	△1,522,000	—
Net purchases of treasury stocks	△106	△127
Payments for dividends	△98,575	△74,052
Cash flows from financing activities	269,318	△394,179
IV Increase in cash and cash equivalents	△5,010	△5,525
V Cash and cash equivalents	△485,473	350,807
VI Cash and cash equivalents at beginning of year	958,462	472,988
VII Cash and cash equivalents at end of year	472,988	823,796