

Financial Results for the Second Quarter Ended August 2010. OCT. 14, 2010

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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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 US Accounting system not adopted

1.Business Result for the second quarter ended in August 2010.(From March, 2010 to August 31,2010)

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

	Sales		Operating Income		Ordinary Income		Net Income	
	¥mn	%	¥mn	%	¥mn	%	¥mn	%
August 2010	4,879	7.0	230	58.0	229	33.3	85	△73.9
August 2009	4,561	-	146	-	171	-	329	-

	Earnings per share	Fully Diluted Earnings per share
	Yen	Yen
August 2010	10.45	10.45
August 2009	40.10	-

(2)Fiscal situation,consolidated

	Total Assets	Net Assets	Ratio of equity to Total assets	Book value per share
	¥mn	¥mn	%	Yen
August 2010	3,920	1,908	48.3	230.44
February 2010	3,608	1,889	52.1	228.45

2.Dividend Payment

	Annual dividend per share		
	Interim	Term end	annual
	Yen	Yen	Yen
February 2010	6.00	8.00	14.00
February 2011	6.00	-	12.00
February 2010(Forecast)	-	6.00	

3.Expectation of Consolidated Financial Results (March 1, 2010 to February 28, 2011)

	Estimated sales		Operating Income		Ordinary Income		Net Income		Earnings per share
	¥mn	%	¥mn	%	¥mn	%	¥mn	%	Yen
Full term	9,100	△5.1	286	△42.0	278	△47.3	120	△60.3	14.59

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

Consolidated(Interim)Balance Sheet

(Unit: thousand yen)

Item	Term	As of August 31, 2010		As of February 28, 2010	
		Amount		Amount	
(Assets)					
I. Current assets					
Cash and deposits		805,857		823,796	
Notes and accounts receivable		1,595,772		1,279,830	
Inventories		300,538		364,600	
Deferred tax assets		13,285		15,603	
Other		117,155		55,922	
allowance for doubtful accounts		(9,095)		(7,053)	
Total Current assets		2,823,512		2,532,700	
II. Fixed assets					
Tangible fixed assets					
Buildings and structures		334,250		341,087	
Land		322,546		322,546	
Other		23,508		14,979	
Total Tangible fixed assets		680,306		678,613	
Total Intangible fixed assets		5,925		5,722	
Investments and other assets					
Investment in securities		43,388		64,053	
Deferred tax assets		2,220		3,470	
Other		379,027		345,199	
Allowance for doubtful accounts		(13,878)		(20,928)	
Total investments and other assets		410,757		391,794	
Total Fixed assets		1,096,989		1,076,130	
Total Assets		3,920,501		3,608,831	

(Figures are rounded to thousand yen.)

Consolidated(Interim)Balance Sheet

(Unit: thousand yen)

Item	Term	As of August 31, 2010		As of February 28, 2010	
		Amount		Amount	
(Liabilities)					
I. Current liabilities					
Trade accounts payable		1,170,708		651,975	
Short-term loans payable		350,000		350,000	
Accrued income taxes		38,411		194,220	
Reserve for bonuses		53,606		41,611	
Other		168,680		253,623	
Total Current liabilities		1,781,406		1,491,430	
II. Long-term liabilities					
Reserve for retirement benefits		104,627		104,733	
The reserve for retirement benefits for directors and corporate auditors		124,264		120,645	
Other		1,888		2,682	
Total Long-term liabilities		230,781		228,061	
Total liabilities		2,012,188		1,719,491	
(Net assets)					
I. Owners' equity					
Paid-in capital		440,948		440,948	
Capital surplus		471,887		471,887	
Earned surplus		1,034,643		1,014,501	
Treasury stock		(51,131)		(51,122)	
Total Owners' equity		1,896,348		1,876,215	
II. Valuation and translation adjustments					
Valuation difference on available-for-sale securities		1,361		4,246	
Postponement hedge profit and loss		(852)		(1,340)	
Exchange conversion adjustment calculation		(1,387)		-	
Total Valuation and translation adjustment		(878)		2,905	
III. Equity warrant					
		12,843		10,218	
Total net assets		1,908,313		1,889,339	
Total liabilities and net assets		3,920,501		3,608,831	

(Figures are rounded to thousand yen.)

Comparative Profit & Loss Statements

(thousand of yen)

Item	Term	From March 1 to August 31	
		2009	2010
		Amount	Amount
I Sales		4,561,819	4,879,807
II Cost of sales		3,310,834	3,557,220
Gross profit		1,250,985	1,322,586
III Selling, general & administrative expenses		1,104,886	1,091,775
Operating income		146,098	230,811
IV Non-operating income		41,060	7,623
V Non-operating expenses		15,303	9,431
Ordinary income		171,855	229,003
VI Extraordinary gains		177,224	489
VII Extraordinary losses		519	103,042
Pretax net income for the current term		348,560	126,450
Income taxes		27,631	36,935
Income taxes deferred		(8,916)	3,568
Net Income /losses		329,845	85,946

(Figures are rounded to thousand yen.)

Comparative Statements of Cash Flow

(thousand of yen)

Item	Term	From March 1, 2009 to August 31, 2009	From March 1, 2010 to August 31, 2010
		Amount	Amount
I	Cash flows from operating activities		
	Net income before income taxes	348,560	126,450
	Amount of increase and decrease of reserve for bonus payment	4,833	11,994
	Amount of increase and decrease of director retirement special service bonus	-	3,619
	Amount of increase and decrease of loan loss reserve	1,456	(5,008)
	Amount of increase and decrease of retirement supply reserve	(4,113)	(105)
	Amount of increase and decrease of guarantee money paid	68,825	(15,470)
	Interest income and dividend receivable	(2,115)	(948)
	Interest expense	4,753	2,778
	Investment securities appraisal loss insertion profit	(30,036)	2,650
	Profit by expiration of insurance	(106,366)	-
	Amount of increase and decrease of trade receivable	(322,232)	(316,267)
	Amount of increase and decrease of inventory turnover	42,273	64,038
	Amount of increase and decrease of debt	34,270	518,883
	Other	(3,557)	(124,228)
	Sub total	36,552	268,387
	Interest income and dividend received	2,130	1,083
	Interest paid	(4,375)	(2,762)
	Income tax paid	(1,799)	(188,803)
	Refund of income tax	101,144	-
	Net cash provided by operating activities	133,651	77,904
II	Cash flow from investing activities		
	Income by clearance of investment in securities	42,916	18,819
	Proceeds from cancellation of insurance	242,409	-
	Purchases of tangible fixed assets	(20,071)	(14,971)
	Other	(9,999)	(29,202)
	Net cash provided by investing activities	255,255	(25,354)
III	Cash flow from financing activities		
	Amount of increase and decrease of short-term loans payable	(270,000)	-
	Repurchases of treasury stocks	(4)	(9)
	Payments for dividends	(24,786)	(65,424)
	Net cash provided by investing activities	(294,790)	(65,433)
IV	Effects of exchange rate changes on cash and cash equivalents	(3,259)	(5,055)
V	Increase (Decrease)in chash and cash equivalents	90,856	(17,938)
VI	Cash and cash equivalents at beginning of term	472,988	823,796
VII	Cash and cash equivalents at end of term	563,845	805,857

(Figures are rounded to thousand yen.)