

Brief Interim Report on Consolidated Settlement of Accounts
For the Term Ending on February 29,2012

July 14,2011

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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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1.Financial Results for the quarter ended in May 31,2011(From March 1 to May 31,2011)

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

	Sales		Operating Income		Ordinary Income		Net Income 1st quarter	
	¥mn	%	¥mn	%	¥mn	%	¥mn	%
1st Quarter 2012	1,946	△15.1	△23	—	△28	—	△44	—
1st Quarter 2011	2,292	△2.6	127	122.9	129	95.9	15	△93.0

	Net profit per share 1st quarter	After adjustment Net profit per share 1st quarter
	Yen	Yen
1st Quarter 2012	△5.38	—
1st Quarter 2011	1.93	—

(2)Fiscal situation,consolidated

	Total Assets	Net Assets	Ratio of equity to Total assets	Book value per share
1st Quarter 2012	3,733 ¥mn	1,819 ¥mn	48.4 %	219.59 Yen
Term 2011	3,300	1,913	57.6	231.27

2.Dividend Payment

	Annual dividend per share		
	Interim	Term end	annual
	Yen	Yen	Yen
February 2011	6.00	6.00	12.00
February 2012	—	—	—
February 2012(Forecast)	6.00	6.00	12.00

3.Expectation of Consolidated Financial Results (March 1, 2011 to February 29, 2012)

	Estimated sales		Operating Income		Ordinary Income		Net Income		Earnings per share
	¥mn	%	¥mn	%	¥mn	%	¥mn	%	Yen
Interim	4,675	△4.2	122	△47.0	123	△46.2	108	25.7	13.13
Full term	9,500	0.4	288	0.4	290	1.0	245	76.0	29.81

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

Consolidated Balance Sheet

(Unit: thousand yen)

Item	Term	As of May 31, 2011		As of February 28, 2011	
		Amount		Amount	
(Assets)					
I. Current assets					
Cash and deposits		1,131,152		871,000	
Notes and accounts receivable		1,072,889		982,039	
Inventories		382,895		327,970	
Deferred tax assets		17,501		18,960	
Other		159,353		143,364	
allowance for doubtful accounts		(6,593)		(5,861)	
Total Current assets		2,757,199		2,337,474	
II. Fixed assets					
Tangible fixed assets					
Buildings and structures		279,148		278,223	
Land		266,356		266,356	
Other		22,745		21,931	
Total Tangible fixed assets		568,250		566,511	
Total Intangible fixed assets		7,333		7,206	
Investments and other assets					
Investment in securities		46,963		50,497	
Deferred tax assets		1,148		3,792	
Other		369,563		352,602	
Allowance for doubtful accounts		(17,068)		(17,098)	
Total investments and other assets		400,608		389,793	
Total Fixed assets		976,192		963,511	
Total Assets		3,733,391		3,300,986	

(Figures are rounded to thousand yen.)

Consolidated Balance Sheet

(Unit: thousand yen)

Item	Term	As of May 31, 2011		As of February 28, 2011	
		Amount		Amount	
(Liabilities)					
I. Current liabilities					
Trade accounts payable		951,054		661,112	
Short-term loans payable		500,000		350,000	
Accrued income taxes		3,101		46,398	
Reserve for bonuses		85,588		43,774	
Other		220,227		146,069	
Total Current liabilities		1,759,971		1,247,356	
II. Long-term liabilities					
Reserve for retirement benefits		11,483		10,645	
The reserve for retirement benefits for directors and corporate auditors		129,734		127,883	
Other		12,292		1,255	
Total Long-term liabilities		153,510		139,784	
Total liabilities		1,913,482		1,387,140	
(Net assets)					
I. Owners' equity					
Paid-in capital		440,948		440,948	
Capital surplus		471,887		471,887	
Earned surplus		945,064		1,038,677	
Treasury stock		(51,190)		(51,190)	
Total Owners' equity		1,806,710		1,900,323	
II. Valuation and translation adjustments					
Valuation difference on available-for-sale securities		1,869		4,165	
Postponement hedge profit and loss		(340)		(291)	
Exchange conversion adjustment calculation		(2,082)		(1,950)	
Total Valuation and translation adjustment		(553)		1,923	
III. Equity warrant					
		13,752		11,598	
Total net assets		1,819,909		1,913,845	
Total liabilities and net assets		3,733,391		3,300,986	

(Figures are rounded to thousand yen.)

Comparative Profit & Loss Statements

(thousand of yen)

Item	Term	1st quarter 2011		1st quarter 2012	
		Amount		Amount	
I Sales		2,292,493		1,946,415	
II Cost of sales		1,630,751		1,449,438	
Gross profit		661,742		496,976	
III Selling, general & administrative expenses		534,381		520,207	
Operating income		127,361		(23,231)	
IV Non-operating income		4,361		1,408	
V Non-operating expenses		1,883		6,235	
Ordinary income		129,838		(28,058)	
VI Extraordinary gains		2,626		—	
VII Extraordinary losses		102,931		6,136	
Pretax net income for the current term		29,533		(34,195)	
Income taxes		13,420		4,455	
Income taxes deferred		207		5,609	
Net Income 1st quarter		15,905		(44,261)	

(Figures are rounded to thousand yen.)

Comparative Statements of Cash Flow

(thousand of yen)

Item	Term	From March 1 to May 31, 2010	From March 1 to May 31, 2011
		Amount	Amount
I Cash flows from operating activities			
Net income before income taxes		29,533	(34,195)
Amount of influence according to application or property removal debt accounting standard		—	6,136
Reserve for bonus/plus or minus		46,900	41,813
Amount of increase and decrease of director retirement special service bonus		1,809	1,850
Amount of increase and decrease of loan loss reserve		(6,945)	701
Amount of increase and decrease of retirement supply reserve		(258)	837
Interest income and dividend receivable		(655)	(400)
Interest expense		1,398	1,120
Investment securities appraisal loss insertion profit		(1,296)	1,935
Amount of increase and decrease of trade receivable		25,335	(90,859)
Amount of increase and decrease of inventory turnover		7,192	(54,951)
Amount of increase and decrease of debt		326,386	290,022
Other		26,253	28,567
Sub total		455,653	192,578
Interest income and dividend received		832	475
Interest paid		(1,486)	(1,143)
Income tax paid		(188,664)	(49,997)
Net cash provided by operating activities		266,335	141,912
II. Cash flow from investing activities			
Expense by savings of insurance reserve fund		—	(18,137)
Purchases of tangible fixed assets		(2,573)	(4,840)
Other		(1,183)	(1,162)
Net cash provided by investing activities		(3,757)	(24,140)
III Cash flow from financing activities			
Amount of increase and decrease of short-term loans payable		200,000	150,000
Repurchases of treasury stocks		(9)	—
Payments for dividends		(9,204)	(6,808)
Net cash provided by investing activities		190,786	143,191
IV Effects of exchange rate changes on cash and cash equivalents		1,194	(811)
V Increase (Decrease)in chash and cash equivalents		454,558	260,152
VI Cash and cash equivalents at beginning of term		823,796	871,000
VII Cash and cash equivalents at end of term		1,278,355	1,131,152

(Figures are rounded to thousand yen.)