

Financial Results for the Second Quarter Ended August 2011. OCT. 12, 2011

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

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 US Accounting system not adopted

1.Business Result for the second quarter ended in August 2011.(From March, 2011 to August 31,2011)

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

| | Sales | | Operating Income | | Ordinary Income | | Net Income | |
|-------------|-------|-------|------------------|-------|-----------------|-------|------------|-------|
| | ¥mn | % | ¥mn | % | ¥mn | % | ¥mn | % |
| August 2011 | 4,299 | △11.9 | 87 | △62.2 | 81 | △64.3 | 50 | △41.3 |
| August 2010 | 4,879 | 7.0 | 230 | 58.0 | 229 | 33.3 | 85 | △73.9 |

| | Earnings per share | Fully Diluted Earnings per share |
|-------------|--------------------|----------------------------------|
| | Yen | Yen |
| August 2011 | 6.14 | — |
| August 2010 | 10.45 | 10.45 |

(2)Fiscal situation,consolidated

| | Total Assets | Net Assets | Ratio of equity to Total assets | Book value per share |
|---------------|--------------|------------|---------------------------------|----------------------|
| | ¥mn | ¥mn | % | Yen |
| August 2011 | 3,707 | 1,918 | 51.3 | 231.20 |
| February 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 | 6.00 | — | 12.00 |
| February 2012(Forecast) | — | 6.00 | |

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 |
| 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 August 31, 2011 | | As of February 28, 2011 | |
|---------------------------------------|------|--------------------------|--|----------------------------|--|
| | | Amount | | Amount | |
| (Assets) | | | | | |
| I. Current assets | | | | | |
| Cash and deposits | | 865,201 | | 871,000 | |
| Notes and accounts receivable | | 1,406,340 | | 982,039 | |
| Inventories | | 321,278 | | 327,970 | |
| Deferred tax assets | | 14,467 | | 18,960 | |
| Other allowance for doubtful accounts | | 130,411 (8,837) | | 143,364 (5,861) | |
| Total Current assets | | 2,728,862 | | 2,337,474 | |
| II. Fixed assets | | | | | |
| Tangible fixed assets | | | | | |
| Buildings and structures | | 279,279 | | 278,223 | |
| Land | | 266,356 | | 266,356 | |
| Other | | 20,144 | | 21,931 | |
| Total Tangible fixed assets | | 565,780 | | 566,511 | |
| Total Intangible fixed assets | | 8,522 | | 7,206 | |
| Investments and other assets | | | | | |
| Investment in securities | | 50,591 | | 50,497 | |
| Deferred tax assets | | 1,962 | | 3,792 | |
| Other | | 365,755 | | 352,602 | |
| Allowance for doubtful accounts | | (14,339) | | (17,098) | |
| Total investments and other assets | | 403,969 | | 389,793 | |
| Total Fixed assets | | 978,272 | | 963,511 | |
| Total Assets | | 3,707,135 | | 3,300,986 | |

(Figures are rounded to thousand yen.)

Consolidated Balance Sheet

(Unit: thousand yen)

| Item | Term | As of August 31, 2011 | | As of February 28, 2011 | |
|--|------|--------------------------|--|----------------------------|--|
| | | Amount | | Amount | |
| (Liabilities) | | | | | |
| I. Current liabilities | | | | | |
| Trade accounts payable | | 1,018,233 | | 661,112 | |
| Short-term loans payable | | 350,000 | | 350,000 | |
| Accrued income taxes | | 27,226 | | 46,398 | |
| Reserve for bonuses | | 48,722 | | 43,774 | |
| Other | | 192,509 | | 146,069 | |
| Total Current liabilities | | 1,636,693 | | 1,247,356 | |
| II. Long-term liabilities | | | | | |
| Reserve for retirement benefits | | 8,301 | | 10,645 | |
| The reserve for retirement benefits for directors and corporate auditors | | 131,410 | | 127,883 | |
| Other | | 12,155 | | 1,254 | |
| Total Long-term liabilities | | 151,868 | | 139,784 | |
| Total liabilities | | 1,788,561 | | 1,387,140 | |
| (Net assets) | | | | | |
| I. Owners' equity | | | | | |
| Paid-in capital | | 440,948 | | 440,948 | |
| Capital surplus | | 471,887 | | 471,887 | |
| Earned surplus | | 1,039,804 | | 1,038,677 | |
| Treasury stock | | (51,190) | | (51,190) | |
| Total Owners' equity | | 1,901,450 | | 1,900,323 | |
| II. Valuation and translation adjustments | | | | | |
| Valuation difference on available-for-sale securities | | 3,613 | | 4,165 | |
| Postponement hedge profit and loss | | (694) | | (291) | |
| Exchange conversion adjustment calculation | | (2,700) | | (1,950) | |
| Total Valuation and translation adjustment | | 218 | | 1,923 | |
| III. Equity warrant | | 16,905 | | 11,598 | |
| Total net assets | | 1,918,573 | | 1,913,845 | |
| Total liabilities and net assets | | 3,707,135 | | 3,300,986 | |

(Figures are rounded to thousand yen.)

Comparative Profit & Loss Statements

(thousand of yen)

| Item | Term | From March 1 to August 31 | |
|--|------|---------------------------|-----------|
| | | 2010 | 2011 |
| | | Amount | Amount |
| I Sales | | 4,879,807 | 4,299,558 |
| II Cost of sales | | 3,557,220 | 3,151,109 |
| Gross profit | | 1,322,586 | 1,148,449 |
| III Selling, general & administrative expenses | | 1,091,775 | 1,061,283 |
| Operating income | | 230,811 | 87,165 |
| IV Non-operating income | | 7,623 | 5,662 |
| V Non-operating expenses | | 9,431 | 11,042 |
| Ordinary income | | 229,003 | 81,786 |
| VI Extraordinary gains | | 489 | 3,501 |
| VII Extraordinary losses | | 103,042 | 6,136 |
| Pretax net income for the current term | | 126,450 | 79,151 |
| Income taxes | | 36,935 | 26,564 |
| Income taxes deferred | | 3,568 | 2,108 |
| Net Income /losses | | 85,946 | 50,478 |

(Figures are rounded to thousand yen.)

Comparative Statements of Cash Flow

(thousand of yen)

| Item | Term | From March 1, 2010 to August 31, 2010 | From March 1, 2011 to August 31, 2011 |
|--|------|--|--|
| | | Amount | Amount |
| I Cash flows from operating activities | | | |
| Net income before income taxes | | 126,450 | 79,151 |
| Amount of increase and decrease of reserve for bonus payment | | 11,994 | 4,947 |
| Amount of increase and decrease of director retirement special service bonus | | 3,619 | 3,526 |
| Amount of increase and decrease of loan loss reserve | | (5,008) | 217 |
| Amount of increase and decrease of retirement supply reserve | | (105) | (2,344) |
| Amount of increase and decrease of guarantee money paid | | (15,470) | 1,146 |
| Interest income and dividend receivable | | (948) | (1,349) |
| Interest expense | | 2,778 | 2,066 |
| Investment securities appraisal loss insertion profit | | 2,650 | 1,185 |
| Amount of increase and decrease of trade receivable | | (316,267) | (424,443) |
| Amount of increase and decrease of inventory turnover | | 64,038 | 6,646 |
| Amount of increase and decrease of debt | | 518,883 | 357,676 |
| Other | | (124,228) | 19,682 |
| Sub total | | 268,387 | 48,111 |
| Interest income and dividend received | | 1,083 | 1,401 |
| Interest paid | | (2,762) | (2,061) |
| Income tax paid | | (188,803) | (50,247) |
| Refund of income tax | | - | 77,025 |
| Net cash provided by operating activities | | 77,904 | 74,229 |
| II Cash flow from investing activities | | | |
| Income by clearance of investment in securities | | 18,819 | - |
| Purchases of tangible fixed assets | | (14,971) | (6,258) |
| Other | | (29,202) | (19,894) |
| Net cash provided by investing activities | | (25,354) | (26,153) |
| III Cash flow from financing activities | | | |
| Repurchases of treasury stocks | | (9) | - |
| Payments for dividends | | (65,424) | (49,092) |
| Net cash provided by investing activities | | (65,433) | (49,092) |
| IV Effects of exchange rate changes on cash and cash equivalents | | (5,055) | (4,781) |
| V Increase (Decrease)in chash and cash equivalents | | (17,938) | (5,798) |
| VI Cash and cash equivalents at beginning of term | | 823,796 | 871,000 |
| VII Cash and cash equivalents at end of term | | 805,857 | 865,201 |

(Figures are rounded to thousand yen.)