

# Financial Results for the Second Quarter Ended August 2014. OCT. 14, 2014

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 Stock Code: 7608 (URL <http://www.sk-japan.co.jp>)  
 Stock Exchange listing: TSE first section  
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 US Accounting system not adopted

## 1.Business Result for the second quarter ended in August 2014.(From March 1, 2014 to August 31,2014)

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

	Sales		Operating Income		Ordinary Income		Net Income	
	¥mn	%	¥mn	%	¥mn	%	¥mn	%
August 2014	3,820	16.5	△115	—	△116	—	△14	—
August 2013	3,279	△24.8	△121	—	△116	—	△114	—

	Earnings per share	Fully Diluted Earnings per share
	Yen	Yen
August 2014	△1.71	—
August 2013	△13.89	—

### (2)Fiscal situation,consolidated

	Total Assets	Net Assets	Ratio of equity to Total assets
	¥mn	¥mn	%
August 2014	3,942	1,702	42.7
February 2014	3,464	1,740	49.6

### 2.Dividend Payment

	Annual dividend per share		
	Interim	Term end	annual
	Yen	Yen	Yen
February 2014	6.00	3.00	9.00
February 2014	2.50	—	5.00
February 2014(Forecast)	—	2.50	

### 3.Expectation of Consolidated Financial Results ( March 1, 2014 to February 28, 2015 )

	Estimated sales		Operating Income		Ordinary Income		Net Income		Earnings per share
	¥mn	%	¥mn	%	¥mn	%	¥mn	%	Yen
Full term	6,841	△2.6	△97	—	△97	—	△34	—	△4.18

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

## Consolidated Balance Sheet

(Unit: thousand yen)

<div>Term</div>		As of February 28, 2014		As of August 31, 2014	
Item		Amount		Amount	
( Assets )					
I.Current assets					
Cash and deposits		642,454		765,563	
Notes and accounts receivable		898,332		1,284,943	
Inventories		374,734		465,604	
Deferred tax assets		3,922		9,588	
Other		181,814		243,119	
allowance for doubtful accounts		(4,481)		(8,485)	
Total Current assets		2,096,777		2,760,333	
II .Fixed assets					
Tangible fixed assets					
Buildings and structures		338,288		331,000	
Land		539,494		539,494	
Other		24,265		25,346	
Total Tangible fixed assets		902,048		895,841	
Total Intangible fixed assets		116,513		116,933	
Investments and other assets					
Investment in securities		59,779		60,118	
Deferred tax assets		1,446		1,088	
Other		295,655		122,695	
Allowance for doubtful accounts		(7,910)		(14,161)	
Total investments and other assets		348,971		169,740	
Total Fixed assets		1,367,533		1,182,514	
Total Assets		3,464,310		3,942,848	

(Figures are rounded to thousand yen.)

## Consolidated Balance Sheet

(Unit: thousand yen)

Item	Term	As of February 28, 2014		As of August 31, 2014	
		Amount		Amount	
( Liabilities )					
I.Current liabilities					
Trade accounts payable		483,667		937,887	
Short-term loans payable		920,000		920,000	
Accrued income taxes		1,206		9,334	
Reserve for bonuses		30,169		16,667	
Other		136,545		211,289	
Total Current liabilities		1,571,589		2,095,178	
II.Long-term liabilities					
The reserve for retirement benefits for directors and corporate auditors		144,396		134,440	
Other		7,875		10,662	
Total Long-term liabilities		152,271		145,102	
Total liabilities		1,723,861		2,240,281	
(Net assets)					
I.Owners’equity					
Paid-in capital		441,550		441,550	
Capital surplus		472,489		472,489	
Earned surplus		846,447		807,711	
Treasury stock		(51,244)		(51,265)	
Total Owners’equity		1,709,243		1,670,487	
II.Valuation and translation adjustments					
Valuation difference on available-for-sale securities		14,312		14,802	
Postponement hedge profit and loss		(2,827)		—	
Exchange conversion adjustment calculation		(1,974)		(2,131)	
The other amount of the comprehensive income total		9,510		12,671	
III.Equity warrant		21,694		19,409	
Total net assets		1,740,449		1,702,567	
Total liabilities and net assets		3,464,310		3,942,848	

(Figures are rounded to thousand yen.)

**Comparative Profit & Loss Statements**

(thousand of yen)

<div> <div>Term</div> <div>Item</div> </div>	From March 1 to August 31 2013		From March 1 to August 31 2014	
	Amount		Amount	
I Sales	3,279,751		3,820,254	
II Cost of sales	2,457,537		2,994,549	
Gross profit	822,213		825,704	
III Selling, general & administrative expenses	944,170		941,250	
Operating income	(121,956)		(115,545)	
IV Non-operating income	8,402		10,378	
V Non-operating expenses	2,641		11,040	
Ordinary income	(116,195)		(116,207)	
VI Extraordinary gains	772		122,040	
VII Extraordinary losses	—		15,144	
Pretax net income for the current term	(115,423)		(9,311)	
Income taxes	1,194		7,126	
Income taxes deferred	(2,365)		(2,389)	
Net Income /losses	(114,251)		(14,048)	

( Figures are rounded to thousand yen.)

# Comparative Statements of Cash Flow

(thousand of yen)

Item	Term	From March 1, 2013 to August 31, 2013	From March 1, 2014 to August 31, 2014
		Amount	Amount
I Cash flows from operating activities			
Net income before income taxes		(115,423)	(9,311)
Amount of increase and decrease of reserve for bonus payment		(602)	(13,502)
Amount of increase and decrease of director retirement special service bonus		3,590	(9,955)
Amount of increase and decrease of loan loss reserve		448	10,255
Interest income and dividend receivable		(811)	(694)
Interest expense		2,508	3,791
Amount of increase and decrease of trade receivable		(227,201)	(428,948)
Amount of increase and decrease of inventory turnover		(24,184)	(90,844)
Amount of increase and decrease of debt		219,463	453,562
Other		48,792	(63,851)
Sub total		(93,420)	(149,500)
Interest income and dividend received		833	712
Interest paid		(2,535)	(3,798)
Income tax paid		(32,429)	(2,094)
Refund of income tax		22,858	219,238
Net cash provided by operating activities		(104,693)	64,556
II . Cash flow from investing activities			
Purchases of tangible fixed assets		(21,540)	(5,441)
Other		18,251	88,378
Net cash provided by investing activities		(3,290)	82,936
III Cash flow from financing activities			
The amount of net increase of a short-term loan		50,000	—
Purchases of treasury stock		(16)	(20)
Payments for dividends		(49,233)	(24,702)
Net cash provided by investing activities		749	(24,723)
IV Effects of exchange rate changes on cash and cash equivalents		(360)	337
V Increase (Decrease)in cash and cash equivalents		(107,594)	123,108
VI Cash and cash equivalents at beginning of term		694,987	642,454
VII Cash and cash equivalents at end of term		574,354	765,563

(Figures are rounded to thousand yen.)