

Nov. 12, 2004

Consolidated Interim Financial Results for
Fiscal Year Ending on March 31, 2005

S K Japan Co., Ltd. Osaka
Stock Code: 7608 (URL <http://www.sk-japan.co.jp>)
Stock Exchange listing: TSE/OSE First section
Contact: Satoshi Kubo, CEO
Masaru Kawakami, Director Administrative Manager
Accounting Principal: Japanese GAAP
Board meeting for approval of results: November 12, 2004
Change in accounting method: None

1. Financial Results (April 1, 2004 to September 30, 2004)

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

	Sales	Operating income	Ordinary income
Interim September 2004	4,923 (3.8%)	469 (15.6%)	458 (13.5%)
Interim September 2003	4,740 (34.2%)	406 (127.9%)	403 (147.6%)
Fiscal year ended March 2004	9,877	964	959

	Net income	Net income per share (basic)	Net income per share (diluted)
Interim September 2004	264 (28.9%)	36.37 Yen	35.28 Yen
Interim September 2003	205 (118.1%)	45.52 Yen	44.71 Yen
Fiscal year ended March 2004	376	65.88 Yen	64.13 Yen

(2) Financial Position

	Total assets	Shareholders' equity	Shareholder equity ratio	Equity per share
As of Sept. 30, 2004	4,318	2,636	61.1%	359.52 Yen
As of Sept. 30, 2003	3,850	2,253	58.5%	490.67 Yen
As of March 31, 2004	4,228	2,414	57.1%	429.98 Yen

Note: Number of shares issued at the end of period (consolidated basis)

As of September 30, 2004: 7,265,740 shares
As of September 30, 2003: 4,504,174 shares
As of March 31, 2004: 5,461,702 shares

(3) Cash flows position

	Net cash provided by operating activities	Net cash provided by investing activities	Net cash provided by financing activities	Cash and cash equivalents at the period end
Interim ended Sept. 2004				
Interim ended Sept. 2003	(-) 40	(-) 94	(-)46	1,359
	266	(-) 66	45	1,194
Year ended March 2004	734	(-) 135	(-) 7	1,540

(4) Consolidated and equity-method affiliates:

Consolidated subsidiaries:	2
Non-consolidated equity-method affiliates:	None
Equity-method affiliates:	None

2. Forecast for the Fiscal Year Ending March 2005 (April 1, 2004 – March 31, 2005)

	Sales	Ordinary Income	Net Income
Full Year	10,500 Million Yen	992 Million Yen	546 Million Yen

Reference : Estimated net Income per share for the full year: 67.77 Yen

Notes: Each share was divided into 1.1 effective November 19, 2004 following a decision made at the board meeting on September 1, 2004. Accordingly, the net Income per share for full year is calculated by dividing outstanding stocks as of September 30, 2004.

3. Business Performance and Financial Position

(1) Business performance

Summary for current Interim period

	Sales	Operating Income	Ordinary Income	Net Income	Net Income per share
Interim by September '04	4,923 M.Yen	469 M.Yen	458 M.Yen	264 M.Yen	36.37 Yen
Interim by September '03	4,740 M.Yen	406 M.Yen	403 M.Yen	205 M.Yen	45.52 Yen
Growth rate (%)	3.8	15.6	13.5	28.9	----

The economic situation remained severe in the interim period despite there is a sign of recovery in the capital spending. However, our Group maintained close with clients, and strengthened marketing through our young staffs. This resulted in consolidated sales of 4,923 million yen (3.8% increase over the previous interim period), ordinary income of 458 million yen (13.5% increased), and net income of 264 million yen (28.9%).

(2) Financial position

Summary for current Interim period

(Unit: thousand yen)

	April 1, 2003 to September 30, 2003	April 1, 2004 to September 30, 2004	Growth
Net cash provided by operating activities	266,558	-40,813	-307,371
Net cash provided Investing activities	-66,684	-94,329	-27,645
Net cash provided by financing activities	45,614	-46,905	-92,519
Increase(decrease) In cash and cash equivalent	245,488	-180,888	-426,377
Cash and cash equivalents at beginning of period	949,464	1,540,231	590,766
Cash and cash equivalents at end of period	1,194,953	1,359,342	164,389

Cash flows from operating activities – Income from operating activities reached 40 million yen (a 307 million yen increase over the previous Interim period) In the current Interim period. This was due to Income before Income taxes of 470 million yen (a 17.2% Increase).

Cash flows from Investing activities – Outlays from Investing activities reached 94 million yen (41.5% Increase over the previous Interim period). This was mainly due to 91 million yen for marketable securities.

Cash flows from financing activities - Income from financing activities reached 46 million yen (a 92 million increase over the previous period) In the current Interim period. This was due to a net Increase In borrowings of 210 million plus Income of 23 million from stocks Issued by exercising stock options.

(3) Projections for the fiscal year

Consolidated

(Unit: rounded down to million yen)

	Sales	Ordinary Income	Net Income	Quarterly Net Income	Net Income per share
Fiscal year ending March 2005 (Projected performance)	10,500	998	992	546	67.77 Yen
Fiscal year ended March 2004 (Actual performance)	9,877	964	959	376	65.88 Yen
Growth rate (%)	6.3	3.4	3.4	45.1	-

Non-consolidated

	Sales	Ordinary Income	Net Income	Quarterly net Income	Net Income per share
Fiscal year ending March 2005 (Projected performance)	8,700	928	940	502	62.34 Yen
Fiscal year ended March 2004 (Actual performance)	8,143	923	934	381	66.79 Yen
Growth rate (%)	6.8	0.5	0.5	31.8	-

Note: Each share was divided into 1.1 effective November 19, 2004 following a decision made at the board meeting on September 1, 2004. Accordingly, the net income per share forecast for the period ending March 2005 is calculated by dividing outstanding stocks as of September 30, 2004.

4. Consolidated Interim Financial Statements

(1) Balance sheets

Period	As of Sept. 30, 2003		As to Sept. 30, 2004		As of March 31, 2004	
	Amount	%	Amount	%	Amount	%
Assets						
I Current assets						
1. Cash and cash equivalents	1,194,953		1,359,342		1,540,231	
2. Trade noted and accounts receivable	1,194,660		1,295,207		1,328,927	
3. Inventories	252,340		346,182		167,116	
4. Deferred tax assets	79,982		96,644		75,401	
5. Other current assets	26,186		26,333		22,477	
Allowances for doubtful accounts	<u>-31,073</u>		<u>-3,100</u>		<u>-14,324</u>	
Total current assets	2,717,050	70.6	3,120,609	72.3	3,119,828	73.8
II Fixed assets						
1. Tangible fixed assets						
(1) Buildings	307,973		229,466		235,656	
(2) Land	469,612		278,748		278,748	
(3) Other tangible fixed assets	<u>15,755</u>		<u>22,422</u>		<u>24,082</u>	
Total tangible fixed assets	<u>793,341</u>		530,637		538,487	
2. Intangible fixed assets						
(1) Goodwill	15,000		-		-	
(2) Telephone rights	6,125		6,125		6,125	
(3) Others	<u>-</u>		<u>228</u>		<u>-</u>	
Total Intangible fixed assets	21,125		6,353		6,125	

3. Investments and other assets						
(1) Investment securities	88,824		207,313		111,661	
(2) Claim in bankruptcy and Reorganization	17,070		13,327		14,271	
(3) Reserves for insurance	186,997		299,863		294,777	
(4) Deferred tax assets	25,188		141,933		146,549	
(5) Other investments and other Assets	45,938		42,550		42,076	
Allowances for doubtful accounts	-44,670		-43,877		-44,821	
Total investments and other assets	319,349		661,111		564,514	
Total fixed assets	1,133,816	29.4	1,198,102	27.7	1,109,127	26.2
Total assets	3,850,867	100.0	4,318,711	100.0	4,228,956	100

	As of September 30, 2003		As of September 30, 2004		As of March 31, 2004	
	Amount	%	Amount	%	Amount	%
Liabilities						
I Current liabilities						
(1) Trade accounts payable	872,560		957,909		841,602	
(2) Short-term borrowings	227,992		176,740		191,992	
(3) Other accounts payable	82,706		91,311		147,692	
(4) Accrued income taxes	224,547		229,800		408,674	
(5) Accrued bonuses	54,608		94,518		56,839	
(6) Other current liabilities	72,133		68,343		99,738	
Total current liabilities	1,534,548	39.9	1,618,624	37.5	1,746,540	41.3
II Long-term liabilities						
(1) Long-term borrowings	6,740		-		2,744	
(2) Liabilities for retirement benefits	56,282		63,409		64,863	
Total long-term liabilities	63,022	1.6	63,409	1.4	67,607	1.6
Total liabilities	1,597,571	41.5	1,682,033	38.9	1,814,147	42.9
Shareholders' equity						
I Common stock	365,903	9.5	389,755	9.0	378,097	8.9
II Capital surplus	397,211	10.3	420,953	9.8	409,338	9.7
III Retained surplus	1,492,120	38.8	1,824,238	42.2	1,627,049	28.5
IV Unrealized gains on investment	417	0.0	7,394	0.2	3,518	0.1
V Treasury stocks	-2,358	-0.1	-5,663	-0.1	-3,194	-0.1
Total shareholders' equity	2,253,295	58.5	2,636,677	61.1	2,414,808	57.1
Total liabilities and shareholders' equity	3,850,867	100.0	4,318,711	100.0	4,228,956	100.0

(2) Income statements

	April 1, 2003 to September 30, 2003			April 1, 2004 to September 30, 2004			April 1, 2003 to March 31, 2004		
	Amount		%	Amount		%	Amount		%
I Sales		4,740,642	100.0		4,923,141	100.0		9,877,900	100.0
II Cost of sales		3,425,906	72.3		3,486,614	70.8		7,053,628	71.4
Gross profit		1,314,735	27.7		1,436,526	29.2		2,824,271	28.6
III Selling and administrative expenses									
1. Packing and carriage Expenses	165,529			179,627			349,369		
2. Provision for bad debts	31,641			-			17,445		
3. Salaries	254,317			277,662			615,247		
4. Provision for accrued bonuses	54,608			94,518			56,839		
5. Welfare expenses	78,976			96,445			154,683		
6. Others	323,574	908,648	19.1	319,038	967,292	19.7	665,709	1,859,294	18.8
Operating income		406,087	8.6		469,234	9.5		964,977	9.8
IV Non-operating income									
1. Interest income	469			67			639		
2. Gains on cancellation of insurance	1,111			5,157			2,404		
3. Foreign exchange gains	378			-			465		
4. Lease income	-			2,070			1,380		
5. Others	1,581	3,541	0.0	4,765	12,059	0.3	2,699	7,589	0.0
V Non-operating expenses									
1. Interest payments	4,138			2,389			8,075		
2. IPO expenses	-			13,194			-		
3. Losses on valuation of investment securities	894			2,715			-		
4. Cost of lease	-			2,383			2,439		
5. Currency losses	-			1,065			-		
6. Others	739	5,771	0.1	1,273	23,020	0.5	2,799	13,315	0.1
Ordinary income		403,856	8.5		458,274	9.3		959,251	9.7
VI Extraordinary income									
1. Gains of disposal of Fixed asset	-			483			-		
2. Provision for bad debts	-			11,472			-		
3. Refund of insurance	-			-	11,956	0.2	62,025	62,025	0.7
VII Extraordinary losses									
1. Losses of disposal of Fixed asset	333			216			6,481		
2. Losses from Fixed asset	-			-			1,052		
3. Losses	-			-			245,162		
4. Losses of Lease contract	2,330	2,664	0.0	-	216	0.0	2,330	255,026	2.6
Income before income taxes		401,192	8.5		470,014	9.5		766,250	7.8
Current income taxes	224,551			225,014			536,844		
Deferred income taxes	-28,389	196,162	4.2	-19,280	205,733	4.1	-147,290	389,553	4.0
Net income		205,030	4.3		264,280	5.4		376,697	3.8

(3) Retained surplus statements

(Unit: thousand yen)

	April 1, 2003 to September 30, 2003		April 1, 2004 to September 30, 2004		April 1, 2003 to March 31, 2004	
	Amount		Amount		Amount	
Capital surplus						
I Capital surplus at beginning of Period		375,166		409,338		375,166
II Increase in capital surplus						
1. New stocks issued for capital Increase	22,045	22,045	11,615	11,615	34,172	34,172
III Capital surplus at end of period		397,211		420,953		409,338
Retained surplus						
I Retained surplus at beginning of Period		1,341,784		1,627,049		1,341,784
II Increase in retained surplus						
1. Net income	205,030	205,030	264,280	264,280	376,697	376,697
III Decreased in retained surplus						
1. Dividends						
2. Directors' bonuses	44,693		50,191	67,091	81,432	91,432
IV Retained surplus at end of period	10,000	54,693	16,900		10,000	
		1,492,120		1,824,238		1,627,049

(3) Cash flows statements

	April 1, 2003 to September 30, 2003	April 1, 2004 to September 30, 2004	April 1, 2003 to March 31, 2004
	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes	401,192	470,014	766,250
Depreciation and amortization	25,176	11,921	51,308
Losses	-	-	245,162
Losses on valuation of investment securities	894	2,715	-
Increase in accrued bonuses	18,275	37,679	20,506
In/ decrease in allowance for doubtful acc.	30,128	-12,168	13,530
In/decrease in liabilities for retirement	-2,934	-1,453	5,645
Interest and dividend income	-469	-2,286	-704
Interest payments	4,138	2,389	8,075
Gains on cancellation of insurance	-1,111	-5,157	-2,404
Gains in insurance due	-	-	-62,025
Losses on sales of fixed assets	333	216	6,481
Gains sold fixed assets	-	-483	-
Losses from fixed assets	-	-	1,052
Losses on cancellation of lease	2,330	-	2,330
Decrease/increase in trade receivable	6,790	33,720	-127,476
Decrease/increase in inventories	-15,246	-179,066	69,978
Increase/decrease in trade payable	-18,810	116,307	-49,768
Payments of director's bonuses	-10,000	-16,900	-10,000
Others	-25,743	-90,004	77,090
Subtotal	414,944	367,442	1,015,032
Interest and dividend received	469	2,286	515
Interest paid	-4,169	-2,325	-8,112
Income taxes paid	-144,686	-408,217	-272,852
Net cash provided by operating activities	266,558	-40,813	734,583
II Cash flows from investing activities			
Purchases of securities	-9,157	-91,837	-25,837
Proceeds from sales of securities	5,952	-	6,642
Payments for insurance reserves	-42,050	-11,493	-189,235
Proceeds from cancellation of insurance	3,020	11,008	4,192
Gains from insurance due	-	-	100,640
Purchases of tangible fixed assets	-4,701	-5,317	-19,452
Proceeds from sales of tangible fixed assets	70	950	70
Purchases of intangible fixed assets	-28	-240	-28
Payments for loans receivable	-24,000	-	-24,000
Proceeds from cancellations on loans Receivable	6,550	2,600	13,850
Others	-2,340	-	-2,330
Net cash provided by investing activities	-66,684	-94,329	-135,490
III Cash flows from financing activities			
Increase in short-term borrowings	560,000	210,000	950,000
Decrease in short-term borrowings	-506,000	-224,000	-932,000
Decrease in long-term borrowings	-7,706	-3,996	-11,702
Proceeds from stocks issued	44,145	23,272	68,465
Net purchases of treasury stocks	-	-2,468	-836
Payments for dividends	-44,824	-49,713	-81,494
Net cash provided by financing activities	45,614	-46,905	-7,567

IV Plus or minus in exchange rate	-	1,160	-758
V Increase/decrease in cash and cash Equivalent	245,488	-180,888	590,766
VI Cash and cash equivalent at beginning of period	949,464	1,540,231	949,464
VII Cash and cash equivalents at end of period	1,194,953	1,359,342	1,540.231