

Brief Interim Report on Settlement of Accounts  
For the Term Ending on February 28, 2006

November 11, 2005

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 Administrative Manager  
Board meeting for approval of results: November 11, 2005  
Accounting Principal: Japanese GAAP

1. Financial Results (April 1, 2005 to September 30, 2005)

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

	Sales		Operating income		Ordinary income	
	¥mn	%	¥mn	%	¥mn	%
Interim 2005	5,549	(12.7)	129	(-72.3)	164	(-64.1)
Interim 2004	4,923	(3.8)	469	(15.6)	458	(13.5)
Term 2005	9,247		709		702	

	Net income		Net income per share	Diluted net income per share
	¥mn	%		
Interim 2005	123	(-53.3)	15.20 Yen	14.99 Yen
Interim 2004	264	(28.9)	36.37	35.28
Term 2005	432		52.51	51.19

(2) Financial Status

	Total assets	Shareholders' equity	Ratio of equity to total assets	Equity per share
	¥mn	¥mn	%	Yen
Interim 2005	5,537	2,806	50.7	342.56
Interim 2004	4,318	2,636	61.1	359.52
Term 2005	3,887	2,735	70.4	336.18

(3) Cash flows Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the period end
	¥mn	¥mn	¥mn	¥mn
Interim 2005	411	-434	-68	1,220
Interim 2004	-40	-94	-46	1,359
Term 2005	-32	-65	-131	1,310

2. Expectation of Consolidated Financial Results (April 1, 2005 to February 28, 2006)

	Estimated Sales	Estimated ordinary Income	Estimated net profit
	¥mn	¥mn	¥mn
Interim Full time	12,000	500	307

(Reference) Estimated earnings per share for the full term 37.58 Yen

Comparative Profit & Loss Statements

(thousand of yen)

	End of Interim from April 1, 2004 to Sept. 30, 2004		End of Interim from April 1, 2005 to Sept. 30, 2005		End of Previous Term from April 1, 2004 to March 31, 2005	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
I Sales	4,923,141	100.0%	5,549,206	100.0%	9,247,329	100.0%
II Cost of sales	3,486,614	70.8	4,128,008	74.4	6,637,854	71.8
Gross profit	1,436,526	29.2	1,421,197	25.6	2,609,474	28.2
III Selling, general expenses	967,292	19.7	1,291,438	23.3	1,900,419	20.5
Operating income	469,234	9.5	129,759	2.3	709,055	7.7
IV Non-operating income	12,059	0.3	43,143	0.8	23,820	0.2
V Non-operating expenses	23,020	0.5	8,581	0.1	30,433	0.3
Ordinary income	458,274	9.3	164,321	3.0	702,442	7.6
VI Extraordinary profit	11,956	0.2	71,755	1.3	47,135	0.5
VII Extraordinary loss	216	0.0	214	0.0	510	0.0
Pretax net income	205,733	4.1	112,404	2.1	316,746	3.4
Undivided profit for the current term	264,280	5.4	123,459	2.2	432,319	4.7

Note: Figures are rounded down to the nearest thousand yen.

Comparative Balance sheets (1)

(thousand of yen)

	End of Previous Interim (as of Sept. 30, 2004)		End of Interim(as of Sept. 30, 2005)		End of Previous Term (as of March 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Assets)		%		%		%
I Current assets						
Cash and deposit	1,359,342		1,220,329		1,310,346	
Accounts receivable	1,295,207		1,238,388		1,050,464	
Inventory	346,182		1,050,886		232,054	
Others	119,877		337,839		92,147	
Current assets total	3,120,609	72.3	3,847,443	69.5	2,685,013	69.1
II Fixed assets						
Tangible fixed assets	530,637		535,186		530,884	
Intangible fixed assets	6,353		6,783		22,544	
III Investments and other assets	661,111		1,147,899		648,866	
Fixed assets total	1,198,102	27.7	1,689,868	30.5	1,202,294	30.9
Total assets	4,318,711	100.0	5,537,311	100.0	3,887,308	100.0

## Comparative Balance Sheets (2)

(thousand of yen)

	End of Previous Interim (as of Sept. 30, 2004)		End of Interim (as of Sept. 30, 2005)		End of Previous Term (as of March 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>(Liabilities)</b>						
<b>I Current liabilities</b>						
Account payable	957,909		1,515,491		666,291	
Short-term loans	176,740		136,000		164,744	
Account payable	91,311		455,178		109,206	
Accrued income taxes	229,800		281,197		40,403	
Accrued bonuses	94,518		73,590		48,740	
Others	68,343		145,489		44,398	
Current liabilities total	1,618,624	37.5	2,606,947	47.1	1,073,784	27.6
<b>II Fixed liabilities</b>						
Liabilities for retirement	63,409	1.4	123,662	2.0	78,193	2.0
Liabilities total	1,682,033	38.9	2,730,610	49.3	1,151,977	29.6
<b>(Shareholder's equity)</b>						
Capital stock	389,755	9.0	411,591	7.4	394,744	10.1
Capital reserve	420,953	9.8	442,680	8.0	425,922	11.0
Profit reserve	1,824,238	42.2	1,951,517	35.2	1,911,604	49.2
Treasury stock	7,394	0.2	8,947	0.2	10,639	0.3
Shareholders' equity total	-5,663	-0.1	-8,035	-0.1	-7,580	-0.2
Liabilities and Shareholders' equity total	2,636,677	61.1	2,806,701	50.7	2,735,330	70.4
	4,318,711	100.0	5,537,311	100.0	3,887,308	100.0

## Comparative Statements of Cash Flow

(thousand of yen)

	End of Previous Interim from April 1, 2004 to Sept. 30, 2004	End of Interim from April 1, 2005 to Sept. 30, 2005	End of Previous Term from April 1, 2004 to March 31, 2005
	Amount	Amount	Amount
<b>I Cash flow from operating activities</b>			
Net income before taxes	470,014	235,863	749,066
Depreciation expenses	11,921	16,338	29,823
Valuation loss on securities	2,715	-	-
Reserve for Bonus	37,679	24,850	-8,098
Risk of default	-12,168	288	-11,489
Point discount	-	-20,042	-
Retirement allowance	-1,453	-10,730	13,330
Deposit	-	-193,203	-926
Interest and dividend received	-2,286	-1,933	-2,807
Interest paid	2,389	1,145	4,662
Proceeds from Bond sold	-	-44,304	-
Proceeds from Insurance	-5,157	-7,605	-45,754
Losses from fixed assets	216	214	414
Proceeds from fixed assets	-483	-	-483
Trade receivable	33,720	-177,820	278,462
Inventories	-179,066	-179,309	-64,938
Debt buying	116,307	849,199	-175,310
Account payable	-	-15,724	-38,486
Bonus for directors	-16,900	-10,600	-16,900
Others	-90,004	-30,927	-61,842
<b>Total</b>	<b>367,442</b>	<b>435,698</b>	<b>648,720</b>
Receivable interest/dividend	2,286	1,921	2,807
Interest paid	-2,325	-925	-4,600
Corporate taxes paid	-408,217	-25,661	-679,680
<b>Total cash flow from Operating activities</b>	<b>-40,813</b>	<b>411,033</b>	<b>-32,751</b>

(thousand of yen)

	End of Previous Interim from April 1, to Sept. 30, 2004	End of Interim from April 1, 2005 to Sept. 30, 2005	End of Previous Term from April 1, 2004 to March 31, 2005
<b>II Cash flow from investing activities</b>			
Expense for acquisition of Securities	-91,837	-2,139	-104,375
Proceeds from sales of Assets	-	80,283	10,610
Expense for Insurance	-11,493	-13,148	-23,255
Proceeds by cancellation of Insurance	11,008	15,323	85,891
Expense for gaining fixed asset	-5,317	-20,928	-21,917
Proceeds from sales of fixed assets	950	120	1,115
Expense for gain of intangible asset investment	-240	-	-16,458
Proceeds from collection of loan	2,600	-	2,600
Expense for business transfer	-	-500,000	-
Others	-	5,799	-
<b>Total cash flow from investing activities</b>	<b>-94,329</b>	<b>-434,691</b>	<b>-65,789</b>
<b>III Cash flow from financing activities</b>			
Proceeds from loan	210,000	570,000	440,000
Expense for loan	-224,000	-596,000	-462,000
Expense for bond redemption	-3,996	-2,744	-7,992
Proceeds from stock issue	23,272	33,604	33,231
Expense for acquisition Treasury stock	-2,468	-454	-4,386
Dividend payments	-49,713	-72,764	-130,143
<b>Total cash flow from financing activities</b>	<b>-46,905</b>	<b>-68,358</b>	<b>-131,290</b>
<b>IV Conversion gain or losses of cash and cash equivalents</b>	<b>1,160</b>	<b>1,999</b>	<b>-53</b>
<b>V Increase/decrease in cash and cash equivalents</b>	<b>-180,888</b>	<b>-90,016</b>	<b>-229,885</b>
<b>VI Cash and cash equivalents at beginning of term</b>	<b>1,540,231</b>	<b>1,310,346</b>	<b>1,540,231</b>
<b>VII Cash and cash equivalents at end of Interim</b>	<b>1,359,342</b>	<b>1,220,329</b>	<b>1,310,346</b>