

Brief Interim Report on Consolidated Settlement of Accounts  
For the Term Ending on February 29, 2007

April 11, 2008

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 (Tel: 81-6-6765-0670)  
Masaru Kawakami, Director of Administrative Manager  
Board meeting for approval of results: April 11, 2008

1. Interim Financial Results (March 1, 2007 - February 29, 2008)

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

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
February 2008	14,730	(△7.1)	155	(△74.1)	148	(△75.7)
February 2007	15,861	( - )	602	( - )	612	( - )

	Net income		Net income per share	After adjustment per share
	Million yen	%		
February 2008	△489	( - )	△58.94 Yen	— — Yen
February 2007	356	( - )	43.09	42.96

	Equity capital		Total asset profit ratio	Gross profit margin
	Net profit ratio			
February 2008	—%		3.0%	1.1%
February 2007	11.6		11.9	3.8

(2) Consolidated financial position

	Total assets	Net assets	Capital ratio	Net asset per share
	Million yen	Million yen	%	
February 2008	4,590	2,545	55.2	308.28 Yen
February 2007	5,224	3,185	60.9	382.47

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the period end
	Million yen	Million yen	Million yen	Million yen
February 2008	626	△ 15	△200	958
February 2007	△106	△ 251	15	553

2. Consolidated forecast for the Fiscal Year Ending February 2009 (March 1, 2008 - February 28,2009)

	Sales		Operating income	
	Million yen	%	Million yen	%
Interim	5,800	(△21.9)	112	(△26.3)
Full Year	12,000	(△18.5)	327	(109.9)

	Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Yen
Interim	111	(△29.3)	22	( - )	2.69
Full Year	325	(118.4)	130	( - )	15.64

3. Interim Financial Results (March 1, 2007 - February 29, 2008)

(1) Non-consolidated Results of Operation (Figures are rounded to million yen)

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
February 2008	7,315	(△2.4)	377	(△29.4)	382	(△32.4)
February 2007	7,492	( - )	534	( - )	564	( - )

	Net income		Net income per share	After adjustment per share
	Million yen	%		
February 2008	△932	( - )	△112.22 Yen	— —Yen
February 2007	316	( - )	38.21	38.09

(2) non-consolidated financial position

	Total assets	Net assets	Capital ratio	Net asset per share
	Million yen	Million yen	%	
February 2008	3,112	1,955	62.6	236.66 Yen
February 2007	4,030	3,039	75.3	364.89

4. non-consolidated forecast for the Fiscal Year Ending February 2009 (March 1, 2008 - February 28,2009)

	Sales		Operating income	
	Million yen	%	Million yen	%
Interim	3,729	(△2.9)	187	(△18.7)
Full Year	7,500	( 2.5)	385	( 2.0)

	Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Yen
Interim	200	(△15.7)	109	(48.4)	13.16
Full Year	410	( 7.3)	224	( - )	27.01

## 5. Consolidated Financial Statement

## (1) Balance sheets

(Unit: thousand yen)

	As of Feb. 28, 2007		As of Feb. 29, 2008		Difference
	Amount	%	Amount	%	Amount
(Assets)					
I Current assets					
1. Cash and cash equivalents	553,170		958,462		
2. Trade notes and accounts Receivable	1,424,381		1,193,613		
3. Inventories	1,093,594		626,987		
4. Deferred tax assets	97,848		52,828		
5. Other currents assets Allowances for doubtful Accounts	166,653 △4,740		397,985 △5,158		
Total current assets	3,330,908	63.8	3,224,719	70.3	△106,189
II Fixed assets					
(1) Tangible fixed assets					
1. Buildings	293,340		199,558		
2. Vehicles	4,508		4,037		
3. Others	48,160		8,531		
4. Land	278,748		278,748		
5. Construction in progress	—		—		
Total tangible fixed assets	624,758	12.0	490,875	10.7	△133,882
(2) Intangible fixed assets					
1. Telephone rights	6,410		3,894		
2. Others	1,699		1,266		
Total intangible fixed assets	8,110	0.1	5,160	0.1	△2,949

	As of February 28, 2007		As of February 29, 2008		Difference
	Amount		Amount		Amount
(3) Investments and other assets					
1. Investments securities	276,775		188,452		
2. Claim in bankruptcy and reorganization	4,204		6,961		
3. Security Money	507,342		188,749		
4. Reserves for insurance	332,081		316,799		
5. Deferred tax assets	139,236		170,820		
6. Others	5,293		4,867		
Allowances for doubtful accounts	△4,204		△7,065		
Total investments and other assets	1,260,729	24.1	869,584	18.9	△ 391,144
Total fixed assets	1,893,598	36.2	1,365,621	29.7	△ 527,977
Total assets	5,224,507	100.0	4,590,341	100.0	△ 634,166
(Liabilities)					
I Current liabilities					
1. Trade accounts payable	1,048,812		1,026,677		
2. Short-term borrowings	352,000		302,000		
3. Other account payable	157,830		221,882		
4. Accrued expenses	58,754		132,095		
5. Accrued income taxes	176,062		91,181		
6. Accrued bonuses	64,785		54,624		
7. Point allowance	14,280		—		
8. Others	69,924		88,485		
Total current liabilities	1,942,451	37.2	1,916,948	41.8	△ 25,502
II Fixed debt					
1. Retirement reserve	71,055		89,631		
2. Deposit	25,220		220		
3. Others	—		38,414		
Total fixed dept	96,275	1.8	128,265	2.8	31,990
Total debt	2,038,726	39.0	2,045,213	44.6	6,487

	As of February 28, 2007		As of February 29, 2008		Difference
	Amount		Amount		Amount
(Net property)					
I Shareholders	436,438	8.4	440,948	9.6	4,510
2. Capital surplus	467,398	8.9	471,887	10.3	4,488
3. Net income	2,280,600	43.7	1,674,126	36.4	△606,474
4. Own stocks	△9,071	△0.2	△50,888	△1.1	△41,817
Total share holders	3,175,366	60.8	2,536,073	55.2	△639,293
II Valuations					
1. Other paper losses	7,264	0.1	288	0.0	△6,975
2. Others	—		△382	△0.0	△382
Total paper losses	7,264	0.1	△93	△0.0	△7,357
III Equity warrant	3,150	0.1	9,147	0.2	5,997
Net property total	3,185,780	61.0	2,545,127	55.4	△640,653
Net debt total	5,224,507	100.0	4,590,341	100.0	△634,166

## (2) Income statements

(Unit: thousand yen)

	As of March 1, 2006 to February 28, 2007		As of March 1, 2007 to February 29, 2008	
	Amount	%	Amount	%
I Sales	15,861,901	100.0	14,730,833	100.0
II Cost of sales	11,879,907	74.9	11,116,044	75.5
Gross profit	3,981,994	25.1	3,614,788	24.5
III Selling, general and administrative expenses	3,379,735	21.3	3,458,922	23.4
Operating income	602,259	3.8	155,866	1.1
IV Non-operating income				
1. Interest income	2,007		2,656	
2. Receivable allotments	2,188		3,353	
3. Profit of cancellation of insurance	3,776		16,601	
4. Lease income	10,159		3,172	
5. Other non-operating income	14,642		16,366	
Total non-operating income	32,774	0.2	42,151	0.3
V Non-operating expenses				
1. Interest payments	4,911		5,857	
2. Receivable allotment	5,489		32,033	
3. Losses Foreign exchange)	—		7,767	
4. Cost of Lease	5,517		1,989	
5. Other expenses	6,790		1,550	
Total non-operating expenses	22,709	0.1	49,199	0.4
Ordinary profit	612,324	3.9	148,819	1.0
VI Extraordinary income				
1. Income sold of fixed assets	126		74	
2. Gains due fire insurance	—		38,266	
3. Profit from adjustment	40,130		—	
4. Adjustment of Point card	5,832		4,383	
VII Extraordinary losses				
1. Losses on sales of fixed assets	774		27	
2. Investment securities appraisal loss	—		92,270	
3. Business structure reorganization loss	—		337,022	
4. Others	—		3,365	
Income before income taxes	657,640	4.1	△241,142	△1.6
Current income taxes	256,647		230,240	
Deferred income taxes	44,443		18,472	
Net income	356,549	2.2	△489,855	△3.3

## (3) Consolidated statements of shareholders equity

Previous term (from March 1, 2006 to February 28, 2007) (Unit: thousand yen)

	Shareholder's equity				
	Capital stock	Capital reserve	Profit reserve	Treasury stock	Total
Balance as of 28 february 2006	425,035	456,051	2,093,430	△8,741	2,965,776
Change in current term					
Share issued	11,402	11,347			22,750
Dividend of profit reserve			△165,379		△165,379
Director's bonus at appropriation of the surplus			△4,000		△4,000
Net income			356,549		356,549
Purchase of treasury stock				△330	△330
Others					
Change in current term total	11,402	11,347	187,170	△330	209,590
Balance as of 28 February 2007	436,438	467,398	2,280,600	△9,071	3,175,366

	Difference from revaluation and exchange rate change		Minority interest	Net assets total
	Difference for stock revaluation	Difference from revaluation and exchange rate change total		
Balance as of 28 february 2006	17,526	17,526	—	2,983,302
Change in current term				
Share issued				22,750
Dividend of profit reserve				△165,379
Director's bonus at appropriation of the surplus				△4,000
Net income				356,549
Purchase of treasury stock				△330
Others	△10,262	△10,262	3,150	△7,112
Change in current term total	△10,262	△10,262	3,150	202,478
Balance as of 28 February 2007	7,264	7,264	3,150	3,185,780

## (3) Consolidated statements of shareholders equity

Current term (from March 1, 2007 to February 29, 2008) (Unit: thousand yen)

	Shareholder's equity				
	Capital stock	Capital reserve	Profit reserve	Treasury stock	Total
Balance as of 28 february 2007	436,438	467,398	2,280,600	△9,071	3,175,366
Change in current term					
Share issued	4,510	4,488			8,998
Dividend of profit reserve			△116,619		△116,619
Net loss			△489,855		△489,855
Purchase of treasury stock				△41,817	△41,817
Others					
Change in current term total	4,510	4,488	△606,474	△41,817	△639,293
Balance as of 29 February 2008	440,948	471,887	1,674,126	△50,888	2,536,073

	Difference from revaluation and exchange rate change			Minority interest	Net assets total
	Difference for stock revaluation	Postponement hedging profit and loss	Difference from revaluation and exchange rate change total		
Balance as of 28 february 2007	7,264	—	7,264	3,150	3,185,780
Change in current term					
Share issued					8,988
Dividend of profit reserve					△116,619
Net loss					△489,855
Purchase of treasury stock					△41,817
Others	△6,975	△382	△7,357	5,997	△1,360
Change in current term total	△6,975	△382	△7,357	5,997	△640,653
Balance as of 29 February 2008	288	△382	△93	9,147	2,545,127

## (4) Consolidated Cash flows statements

(Unit: thousand yen)

	March 1, 2006 to February 28, 2007	March 1, 2007 to February 29, 2008
	Amount	Amount
I Cash flows from operating activities		
Income before income taxes or loss(△)	657,640	△241,142
Depreciation and amortization	54,048	53,238
Spoil loss	—	2,516
Business structure reorganization loss	—	337,022
Reserve for bonus/plus or minus	10,631	△10,160
Reserves	4,102	3,278
Reserves for Point discount	△47,414	△14,280
Reserves for retirement benefits	△6,946	18,576
Guarantee money(plus or minus)	33,454	9,998
Interest & dividend incomes	△4,195	△6,010
Interest paid	4,911	5,857
Valuation losses on stock sales	5,489	124,304
Gains from cancellation of insurance	△3,776	△16,601
Insurance maturity give back profit	—	△38,266
Gains of fixed assets	△126	△74
Losses of fixed assets	—	849
Losses from fixed assets	774	27
Plus or Minus of trade receivable	△365,438	227,089
Plus or Minus of Inventories	△45,338	466,606
Purchasing debt (Plus or Minus)	16,525	△22,134
Pending accounts	△213,876	63,509
Payments of director's bonuses	△4,000	—
Others	52,627	△107,584
Sub-total	149,093	856,619
Interest and dividend received	4,195	6,010
Interest paid	△5,092	△5,714
Income taxes paid	△254,255	△314,572
Repayment money of corporation tax etc	—	83,789
Net cash provided by operating activities	△106,058	626,132



	March 1, 2006 to February 28, 2007	March 1, 2007 to February 29, 2008
	Amount	Amount
II Cash flows from investing activities		
Purchases of securities	△60,175	△47,731
Payments for reserves for insurance	△43,394	△36,724
Proceeds from cancellation of insurance	7,900	35,581
Proceeds from expiration of insurance	—	70,133
Purchases of tangible fixed assets	△139,767	△37,748
Proceeds from sales of tangible fixed assets	2,342	1,192
Purchases of intangible fixed assets	△1,710	—
Payments for acquisitions of goodwill	△16,900	—
Others	100	0
Cash flows from investing activities	△251,604	△15,296
III Cash flows from financing activities		
Increase in short-term borrowings	950,000	2,005,000
Decrease in short-term borrowings	△792,000	△2,055,000
Proceeds from stocks issued	22,750	8,998
Net purchases of treasury stocks	△330	△41,817
Payments for dividends	△164,796	△117,347
Cash flows from financing activities	15,623	△200,166
IV Increase in cash and cash equivalents	—	△5,377
V Cash and cash equivalents	△342,039	405,291
VI Cash and cash equivalents at beginning of year	895,210	553,170
VII Cash and cash equivalents at end of year	553,170	958,462