

Summary of Consolidated Financial Statements for the First Quarter Ended May 31, 2009

Circle K Sunkus Co., Ltd.

Securities Code Number: 3337

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Stock exchange listings: The first section of the Tokyo Stock Exchange and Nagoya Stock Exchange

1. Consolidated Results for the First Quarter of Fiscal 2010 (March 1, 2009 to May 31, 2009)

(1) Consolidated Operating Results

Notes: All amounts less than one million yen have been omitted.

	Operating revenue		Operating income		Recurring profit	
	¥ Million	Change %	¥ Million	Change %	¥ Million	Change %
Current 1st Quarter	50,228	-	4,239	-	4,210	-
Previous 1st Quarter	50,704	0.5	4,780	(3.0)	4,748	3.7

	Net Income		Net income per share	Diluted net income per share
	¥ Million	Change %	Yen	Yen
Current 1st Quarter	538	-	6.43	-
Previous 1st Quarter	974	(11.0)	11.64	-

(Reference) Total store sales (¥ Million)

Current 1st Quarter : 229,255 (+3.6% year-on-year)

Previous 1st Quarter : 221,370 (-2.0% year-on-year)

(2) Consolidated Financial Position

	Total liabilities and equity	Total equity	Equity ratio	Total equity per share
	¥ Million	¥ Million	%	Yen
Current 1st Quarter	245,360	129,509	52.8	1,546.30
Last fiscal Year	222,305	130,656	58.8	1,559.97

(Reference) Shareholders' equity (¥ Million)

Current 1st Quarter : 129,509

Last fiscal year : 130,656

2. Dividends Status

Record date	Dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Fiscal year	Annual
2009 fiscal year	-	20.00	-	20.00	40.00
2010 fiscal year	-				
2010 fiscal year (plan)		20.00	-	20.00	40.00

3. Forecast of Consolidated Results for the Year Ending February 28, 2010

	Operating revenue		Operating income		Recurring profit		Net income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
2010 first half	108,250	-	11,590	-	11,010	-	4,570	-	54.56
2010 fiscal year	212,120	(0.6)	20,470	(11.0)	19,200	(14.9)	9,100	(3.6)	108.65

4. Other

(1) Significant changes in subsidiaries during the period under review (changes in certain specified subsidiaries resulting in revised scope of consolidation) : None

(2) Adoption of simplified accounting treatment and special accounting treatment for the preparation of quarterly consolidated financial statements : Yes

*Reference: Notes to the Overview of First-quarter Consolidated Operating Results P4.

(3) Changes in accounting principles, procedures and presentation methods associated with the preparation of quarterly consolidated financial statements (significant changes in the basis of presenting quarterly consolidated financial statements)

1) Changes due to revision of accounting standards: Yes

2) Changes other than 1) : None

*Reference: Notes to the Overview of First-quarter Consolidated Operating Results P4.

(4) Shares outstanding

1. Number of shares outstanding at end of period (Including treasury stock)	2010 first quarter	86,183,226 shares
	2009 fiscal year	86,183,226 shares
2. Number of shares of treasury stock at end of period	2010 first quarter	2,428,397 shares
	2009 fiscal year	2,427,385 shares
3. Average number of shares outstanding during period	2010 first quarter	83,755,249 shares
	2009 fiscal year	83,757,498 shares

*Statement regarding appropriate use of business outlook and other special remarks:

(Adoption of Accounting Standards for Quarterly Consolidated Financial Statements)

Effective from the current fiscal year, the Company has adopted the “Accounting Standards for Quarterly Consolidated Financial Statements” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the “Implementation Guidance for the Accounting Standards for Quarterly Financial Statements” (ASBJ Implementation Guidance No. 14). The Company also prepares quarterly consolidated financial statements by following the “Rules for Quarterly Consolidated Financial Statements.”

(Cautionary Statement Regarding Forward-looking Statements)

The above forecasts of business results are based on information available to management at the present time and are subject to considerable uncertainties. Actual results may differ materially from the above forecasts due to changes in performance and various other factors.

[Overview of First-quarter Consolidated Operating Results]

1. Qualitative Information Concerning Consolidated Operating Results

In the first quarter of the fiscal year ending February 28, 2010, the Japanese economy continued to experience a slump in personal consumption as employment adjustments and curtailments of personnel expenditures resulting from sluggish corporate earnings spread to household budgets. The desire for low-priced products increased further as consumers tightened their purse-strings to protect their lifestyles.

In this climate, total operating revenues at Circle K Sunkus Co., Ltd. for the first quarter declined 0.9% year on year to ¥50,228 million, due to a decrease in sales at Company-owned stores despite an increase in revenues from franchised stores. Operating income decreased 11.3% to ¥4,239 million due to higher selling, general and administrative expenses such as depreciation. Recurring profit fell 11.3% to ¥4,210 million. Because of extraordinary losses of ¥3,016 million mainly reflecting impairment losses, net income decreased 44.7% to ¥538 million.

The following is an overview by business segment.

[Monthly Sales Compared With the Previous Fiscal Year]

	(%)			
	March	April	May	Total
Existing stores	3.0	3.1	0.4	2.2
All stores	4.1	4.1	1.5	3.2

Note: The above figures are presented on a non-consolidated basis, excluding consolidated subsidiaries.

On the product front, Circle K Sunkus' hallmark brands of the *rubetta* pasta series and *Cherie Dolce* desserts continued to perform well, and countertop-food products were strengthened by the ongoing installation of in-store fryers as a means of offering stronger product lineups that better reflect the location characteristics of each store. In March, Circle K Sunkus began offering the +KACHIAL brand of high-value-added original products jointly developed with the Uny Group, and expanded the introduction of the e-price lineup of low-priced original products. To satisfy the needs of customers preferring low prices, from April we offered the *Genki Ouen Bento* series of ¥450-500 boxed lunches at the discounted price of ¥380, with a view to boosting overall rice dish category orders and sales. Aiming to develop better regional products, Circle K Sunkus continued to enhance the MOT Project, a plan to develop "locally produced, locally consumed" products, with expansion to Chukyo, Setouchi and other regions. In addition, Circle K Sunkus signed comprehensive agreements with Shizuoka, Kagoshima, Ehime, Aichi and Akita prefectures, following partnership and cooperative arrangements in fields ranging from "locally produced, locally consumed" product initiatives to tourism, the environment and disaster readiness.

Turning to services, Circle K Sunkus began offering lottery ticket sales for the Sports Promotion Lottery "toto" at KARUWAZA STATION in-store multimedia terminals. Additionally, from May Circle K Sunkus started the installation of its unique "Bank Time" ATMs for the first time in Ishikawa Prefecture.

On the store development front, Circle K Sunkus continued to press ahead with store development measures prioritizing the quality of stores in terms of profitability. Consequently, Circle K Sunkus opened 51 stores and closed 61 stores during the first quarter, bringing the total number of stores as of

May 31, 2009 to 5,253. In addition, the total number of stores for the entire Circle K Sunkus Group, including non-consolidated area franchisers, was 6,222.

[Other Businesses]

In other businesses, ZERO NETWORKS Co., Ltd. is contracted to conduct ATM operations. In the first quarter under review, ZERO NETWORKS recorded total operating revenues of ¥1,385 million, up 3.7% year on year. As of May 31, 2008, the company had installed a total of 2,537 “Zero Bank” ATMs and 952 “Bank Time” ATMs.

Note: Figures given for year-on-year changes are provided for reference.

2. Qualitative Information Concerning Consolidated Financial Position

Changes in Consolidated Financial Position

(Assets)

Current assets amounted to ¥113,301 million, an increase of 22.7% from the previous fiscal year, mainly due to an increase in other accounts receivable.

Fixed assets amounted to ¥132,059 million, an increase of 1.6% from the previous fiscal year, due to an increase in lease assets accompanying the application of the “Accounting Standards for Lease Transactions”

As a result, total assets amounted to ¥245,360 million, an increase of 10.4% from the end of the previous fiscal year.

(Liabilities)

Current liabilities amounted to ¥97,919 million, an increase of 27.0% from the previous fiscal year, mainly due to an increase in deposits.

Long-term liabilities amounted to ¥17,931 million, an increase of 23.2% from the previous fiscal year, due to an increase in lease liabilities accompanying the application of the “Accounting Standards for Lease Transactions”

As a result, total liabilities amounted to ¥115,850 million, an increase of 26.4% from the end of the previous fiscal year.

(Net Assets)

Net assets amounted to ¥129,509 million, a decrease of 0.9% from the end of the previous fiscal year.

3. Qualitative Information Concerning the Consolidated Earnings Projections

There are no changes to our earnings projections for the cumulative first two quarters of fiscal 2009 and for fiscal 2009, that were released on April 9, 2009.

4. Others

- (1) Changes in the status of important subsidiaries during the quarter (changes in the status of specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

1) Simplified accounting methods

Calculation of income taxes, deferred tax assets and deferred tax liabilities

Corporation taxes and other Income taxes are calculated based on a method that only takes into account material adjustment items and tax-deducted items as significant.

The collectability of deferred tax assets is determined by a method based on the future earnings projections and tax planning used in the previous fiscal year, as the business environment and temporary differences were not considered to have changed significantly from the end of the previous fiscal year.

2) Special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, procedures and presentation methods in the preparation of quarterly consolidated financial statements

1) Accounting standards, etc. for quarterly financial statements

Effective from the current fiscal year, Circle K Sunkus has applied the “Accounting Standards for Quarterly Financial Statements” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 12) and the “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”

2) Accounting standards, etc. for lease transactions

Circle K Sunkus used to account for financing lease transactions that do not transfer ownership of the leased property to the lessee by an accounting method based on the method used for ordinary lease transactions. However, effective from the first quarter of the current fiscal year Circle K Sunkus has applied the “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13, originally issued on June 17, 1993 and revised on March 30, 2007) and the “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16, originally issued on January 18, 1994 and revised on March 30, 2007), and changed to an accounting method that is based on the method used for ordinary purchases and sales transactions.

For financing lease transactions that do not transfer ownership beginning prior to the fiscal year when these revised lease transaction standards are first applied, Circle K Sunkus continues to use an accounting method based on the method used for ordinary lease transactions.

As a result of this change, operating income increased ¥9 million, and recurring profit and income before income taxes both decreased ¥8 million.

3) Application of accounting standards for measurement of inventories

Effective from the first quarter of the current fiscal year, Circle K Sunkus has applied the “Accounting Standards for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006). The measurement method has been changed from the cost method to the cost method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

As a result of this change, in comparison with the previous method, gross profit, operating income, recurring profit and income before income taxes all decreased ¥98 million.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Notes: All amounts less than one million yen have been omitted.

(Millions of yen)

	Current 1st Quarter (As of May 31, 2009)	Last fiscal year (As of February 28, 2009)
(ASSETS)		
Current assets		
Cash and cash equivalents	74,779	51,993
Due from franchised stores	2,959	3,542
Marketable securities	12,023	17,023
Inventories	2,338	2,494
Deferred tax assets	1,282	1,288
Other accounts receivable	11,080	7,575
Other current assets	9,040	8,760
Allowance for doubtful accounts	(203)	(351)
Total current assets	113,301	92,328
Fixed assets		
Property and equipment		
Buildings and structures (net)	33,874	35,263
Furniture and fixtures (net)	4,674	4,989
Land	8,528	8,504
Leased assets (net)	4,438	-
Other property and equipment (net)	503	815
Total property and equipment	52,018	49,572
Intangible fixed assets		
Software	8,644	7,593
Software development in progress	276	1,222
Other intangible fixed assets	3,254	3,272
Total intangible fixed assets	12,175	12,088
Investments and other assets		
Investment securities	4,773	4,949
Deferred tax assets	3,976	3,275
Long-term leasehold deposits	51,945	52,935
Other investments	8,665	8,636
Allowance for doubtful accounts	(1,495)	(1,481)
Total investments and other assets	67,865	68,315
Total fixed assets	132,059	129,976
Total assets	245,360	222,305

(Millions of yen)

	Current 1st Quarter (As of May 31, 2009)	Last fiscal year (As of February 28, 2009)
(LIABILITIES)		
Current liabilities		
Trade payables	38,746	34,281
Due to franchised stores	2,791	2,038
Other accounts payable	5,608	8,129
Income taxes payable	1,490	4,474
Money held as agent	44,427	24,930
Accrued employees' bonuses	1,555	826
Other current liabilities	3,299	2,411
Total current liabilities	97,919	77,091
Long-term liabilities		
Lease Obligations	3,155	-
Allowance for employees' retirement benefit liability	365	374
Long-term guarantee deposits received	10,921	10,978
Long-term allowance for impairment loss on leased assets	1,149	818
Other long-term liabilities	2,339	2,386
Total long-term liabilities	17,931	14,556
Total liabilities	115,850	91,648
(NET ASSETS)		
Shareholder's equity		
Common stock	8,380	8,380
Capital surplus	36,093	36,093
Retained earnings	89,582	90,721
Less, treasury stock, at cost	(5,029)	(5,028)
Total shareholders' equity	129,026	130,166
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities	483	489
Total unrealized gains or losses and translation differences, etc.	483	489
Total equity	129,509	130,656
Total liabilities and net assets	245,360	222,305

(2) Consolidated Statements of Income

Notes: All amounts less than one million yen have been omitted.

(Millions of yen)

	Current 1st Quarter (From March 1, 2009 to May 31, 2009)
Operating revenues	28,256
Franchise commissions from franchised stores	25,261
Other revenues	2,995
Net sales of company-owned stores	21,971
Total operating revenues	50,228
Cost of goods sold	17,027
Operating gross profit	33,200
Selling, general and administrative expenses	28,960
Employees' salaries and bonuses	3,705
Provision for bonuses	729
Provision of allowance for employees' retirement benefit	241
Store leasing expenses	12,548
Depreciation and amortization	2,278
Other Selling, general and administrative expenses	9,457
Operating income	4,239
Non-operating income	314
Interest income	140
Dividend income	64
Compensation income	48
Equity in earnings of affiliates	28
Other non-operating income	31
Non-operating expenses	343
Interest expenses	31
Lease contract cancellation expenses	299
Other non-operating expenses	12
Recurring profit	4,210
Extraordinary gains	104
Gain on sales of property and equipment	10
Reversal of allowance for doubtful accounts	94
Extraordinary losses	3,016
Loss on disposal of property and equipment	34
Impairment loss on fixed assets	2,953
Other extraordinary losses	28
Income before income taxes	1,298
Income taxes-current	1,455
Income taxes-deferred	(696)
Total Income taxes	579
Net income	538

(Reference)**Consolidated Statements of Income for Previous First Quarter Ended May 31, 2008**

Notes: All amounts less than one million yen have been omitted.

(Millions of yen)

	Previous 1st Quarter (From March 1, 2008 to May 31, 2008)	
1. Operating revenues		
Franchise commissions from franchised stores	24,987	
{ Net sales reported by Franchised stores (Figures for excluding non-consolidated area franchised stores.) Previous 1st Quarter: ¥ 199,811 million Total net sales of franchised and company-owned stores (Figures for exclude non-Consolidated area franchised stores.) Previous 1st Quarter: ¥ 221,370 million }		
Other revenues	2,980	27,968
2. Net sales of company-owned stores	[22,735]	22,735
Total operating revenues		50,704
3. Cost of goods sold	[17,355]	17,355
Gross profit on sales	[5,380]	
Operating gross profit		33,348
4. Selling, general and administrative Expenses		28,568
Operating income		4,780
5. Non-operating income		317
6. Non-operating expenses		349
Recurring profit		4,748
7. Extraordinary gains		12
8. Extraordinary losses		2,782
Income before income taxes		1,978
Income taxes-current	1,624	
Income taxes-deferred	(584)	1,039
Minority interest in earnings of consolidated subsidiaries		(36)
Net Income		974