

Summary of Consolidated Financial Statements for the year ended February 28, 2010. (March 1, 2009 to February 28, 2010)

Circle K Sunkus Co., Ltd.

Securities Code Number: 3337

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Date of the annual general meeting of shareholders: May 26, 2010

Date of dividend payment: May 27, 2010

Prepared in accordance with the financial accounting standards in Japan.

1. Results for the Fiscal Year Ended February 28, 2010 (March 1, 2009 to February 28, 2010)

(1) Consolidated Operating Results

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

	Total operating revenues		Operating income		Recurring profit	
	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %
FY2010/2	194,142	(9.0)	15,199	(33.9)	14,607	(35.3)
FY2009/2	213,398	3.4	23,009	9.1	22,566	15.9

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
FY2010/2	5,554	(41.1)	66.32	-
FY2009/2	9,435	10.0	112.65	-

	Return on equity	Recurring profit ratio of total assets	Operating income ratio of total operating revenues
	%	%	%
FY2010/2	4.2	6.5	7.8
FY2009/2	7.4	10.2	10.8

(Reference) Profit and loss on equity-method (Millions of yen) FY2010/2 66 FY2009/2 81

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity Per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2010	224,843	132,831	59.1	1,585.98
As of February 28, 2009	222,305	130,656	58.8	1,559.97

(Reference) Shareholders' equity (Millions of yen) As of February 28, 2010 132,831
As of February 28, 2009 130,656

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2010/2	15,921	(10,895)	(4,631)	63,499
FY2009/2	22,525	(22,731)	(3,640)	62,916

2. Dividends Status

Record date	Dividends per share (yen)					Dividends Paid (¥millions)	Payout ratio(%)	DOE(%)
	1st Quarter	2nd Quarter	3rd Quarter	Fiscal year	Annual			
FY2009/2	-	20.00	-	20.00	40.00	3,350	35.5	2.6
FY2010/2	-	20.00	-	20.00	40.00	3,350	60.3	2.5
FY2011/2 (plan)	-	20.00	-	20.00	40.00		65.8	

3. Forecast of Consolidated Results for the Year Ending February 28, 2011

	Operating revenue		Operating income		Recurring profit		Net income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
2nd Quarter	98,320	(3.6)	8,100	(15.5)	7,840	(15.5)	2,500	(24.2)	29.85
FY2011/2	194,300	0.1	14,300	(5.9)	13,200	(9.6)	5,090	(8.4)	60.77

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) 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

(3) Shares outstanding

1. Average number of shares end of period
(Including treasury stock)

Year ended February 28, 2010	86,183,226 shares
Year ended February 28, 2009	86,183,226 shares

2. Average number of treasury stocks end of period

Year ended February 28, 2010	2,429,263 shares
Year ended February 28, 2009	2,427,385 shares

(Reference)

1. Non-Consolidated Results for the Fiscal Year Ended February 28, 2010.

(March 1, 2009 to February 28, 2010)

(1) Non-Consolidated Operating Results

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

	Total operating revenues		Operating income		Recurring profit	
	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %
FY2010/2	169,552	(11.1)	15,397	(33.6)	13,959	(36.5)
FY2009/2	190,814	0.8	23,183	8.0	21,979	11.6

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
FY2010/2	5,091	(38.5)	60.79	-
FY2009/2	8,277	(4.3)	98.83	-

(Reference) Total store sales (Millions of yen) FY2010/2 852,154 (-4.3% y-o-y)
FY2009/2 890,856 (3.6% y-o-y)

(2) Non-Consolidated Financial Position

	Total liabilities and equity	Total equity	Equity ratio	Total equity per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2010	218,133	132,088	60.6	1,577.10
As of February 28, 2009	216,945	130,373	60.1	1,556.59

(Reference) Shareholders' equity (Millions of yen) As of February 28, 2010 132,088
As of February 28, 2009 130,373

2. Forecast of Non-Consolidated Results for the Year Ending February 28, 2011

	Operating revenue		Operating income		Recurring profit		Net income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
2nd Quarter	83,180	(7.2)	8,290	(12.6)	7,580	(14.5)	2,550	(12.5)	30.45
FY2011/2	165,060	(2.6)	14,720	(4.4)	12,660	(9.3)	5,090	(0.0)	60.77

(Note) The above-mentioned forecast is based on projections and plans derived from assumptions based on current market conditions. Actual results may differ materially from these projections due to changes in a number of factors that could not be foreseen at the time of the projections.

1. Operating Results

(1) Analysis of Operating Results for the Fiscal Year Ended February 28, 2010 (March 1, 2009 to February 28, 2010)

(Operating Results for February 2010 Fiscal Year)

In the fiscal year ended February 28, 2010, the Japanese economy showed signs of bottoming out, including an improving trade balance supported by stronger overseas demand and a boost from consumer purchasing incentives such as the Japanese government's Eco-point system. However, Japan also saw signs of deflation, brought about by persistently weak domestic demand centered on consumer spending and capital investment. As household incomes stagnated, consumers further tightened their belts and showed increasingly stronger preferences for low prices.

In the retail industry, overall demand languished as prices fell across many different sectors, including the food, apparel, and housing-related sectors. In this context, competition between different industries and business formats intensified. In the convenience store industry, existing store sales remained weak due to declines in customer footfall and in the average spending per customer. This partly reflected the end of a boost from the introduction of taspo card systems (age-verifying IC cards installed in cigarette vending machines), as well as generally weak consumer spending due to the weak economy. Weather-related factors, such as a mild summer, were also responsible.

In this climate, in the fiscal year ended February 28, 2010, total operating revenues at Circle K Sunkus declined 9.0% year on year to ¥194,142million, mainly due to decreased revenues from franchised stores and lower sales from Company-owned stores. Operating income decreased 33.9% to ¥15,199 million, despite much lower-than-anticipated selling, general and administrative expenses of ¥114,583 million, thanks to efforts to reduce operating costs. Recurring profit decreased 35.3% to ¥14,607 million. The Company posted extraordinary losses of ¥3,974 million, down 20.8% year on year, mainly reflecting a loss on disposal of fixed assets and impairment losses. Consequently, income before income taxes and minority interests decreased 40.0% to ¥10,780 million, and net income decreased 41.1% to ¥5,554 million.

The following is an overview by business segment.

[Convenience Store Business]

In the fiscal year ended February 28, 2010, Circle K Sunkus continued to record weak sales across a wide range of product categories—including fast food, perishable food and processed food. This was mainly the result of generally lackluster consumer spending, low-price preferences, and intensifying competition with different business sectors. Another factor was weak sales of summertime products such as chilled noodles, ice cream, and soft drinks due to weather-related factors, such as an extended rainy season and a mild summer. Consequently, existing store sales in the fiscal year ended February 28, 2010 decreased 5.6% year on year on a non-consolidated basis, falling far short of the initial target.

Consequently, total store sales, including Circle K Sunkus' five consolidated subsidiaries in the convenience store business, decreased 4.0% year on year to ¥902,318 million

The average product markup for Circle K Sunkus in the February 2010 fiscal year was 27.64% on a non-consolidated basis, down 0.47 of a point from the previous fiscal year. This reflected lower sales in relatively high-margin product categories such as fast food and perishable food, as well as processed food.

Another factor was higher sales from services, tobacco and other low-margin products, which accounted for a higher share of overall sales.

Summary of Store Performance (March 1, 2009 to February 28, 2010)

	Non-consolidated	Consolidated		Total
		Four area franchisers total	99 Ichiba	
Total store sales (¥ million)	852,154	39,477	10,685	902,318
Year-on-year (YoY) change (%)	(4.3)	(0.5)	10.2	(4.0)
YoY change in existing store sales (%)	(5.6)	-	-	-
Average product markup (%)	27.64	-	-	-
Stores opened	285	21	10	316
Stores closed	266	8	3	277
Total stores at period-end	4,958	276	68	5,302

*The above “four area franchisers total” is the sum of results for four subsidiaries, namely Sunkus Nishi-Saitama Co., Ltd., Sunkus Aomori Co., Ltd., Sunkus Kitakanto Co., Ltd. and Sunkus Nishi-Shikoku Co., Ltd.

On the store operations front, Circle K Sunkus continued to hold customer satisfaction enhancement forums, while working to enhance awareness of customer satisfaction by encouraging direct social interaction and the exchange of views between franchisees. The Company also stepped up the training of candidates for the “Certified Sub-manager” position, who will serve as leaders of store staff. With the aim of building strong partnerships with franchisees, Circle K Sunkus began the “Franchise Store Staffing System” to provide staff placement services to franchise stores, and a “listening” initiative to directly convey the views and proposals of franchisees to management. These efforts have led to speedy operational improvements.

On the store development front, Circle K Sunkus prioritized profitability when opening new stores. At the same time, we worked to achieve a net increase in the number of stores by signing up, fostering and training outstanding franchisee candidates by means of using the “Venture Employee System” and the incentive plan for managing multiple stores. In addition, the Company began opening its first stores in Fukuoka Prefecture from July 2009. During the fiscal year ended February 28, 2010, Circle K Sunkus opened 316 stores (including 10 “99 ICHIBA” stores) and closed 277 stores (including 3 “99 ICHIBA” stores). As a result, Circle K Sunkus had a total of 5,302 stores (including 68 “99 ICHIBA” stores) as of February 28, 2010, representing an increase of 39 stores year on year. In addition, the total number of stores for the entire Circle K Sunkus group, including non-consolidated area franchisers, was XXXX.

On the product development front, Circle K Sunkus worked to further develop the Cherie Dolce original dessert selection by adding a new series of baked confectionery to the lineup. The Company started installing freshly brewed coffee dispensers in stores, and stepped up installation of in-store fryers, as a means of offering stronger product lineups that better reflect the location characteristics of each store. Efforts were also made to reinforce the lackluster rice dish category. To this end, the Company launched the Otegoro Bento series of boxed lunches offering superior quality and value relative to price at an affordable 398 yen per item, in response to the low-price preferences of customers. In regard to the development of original-brand products, Circle K Sunkus promoted the introduction of the e-price (currently Style ONE) lineup of low-priced original products developed by the UNY Group. Together with its existing high-quality, high-value-added original-brand products, the Company offers a balanced range of original-brand products to stay on top of the increasingly dual nature of consumer needs. 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 the Chukyo, Akita, Iwate, Setouchi and Niigata regions. Circle K Sunkus also promoted comprehensive partnership and cooperation agreements with various local governments in order to utilize local agricultural produce and pave the way for industry-academia partnerships. Furthermore, following the full-scale enforcement of the amended Pharmaceutical Affairs Act in June 2009, Circle K Sunkus began selling OTC pharmaceuticals at certain Company-owned stores. Circle K Sunkus will continue to look at the feasibility of expanding pharmaceutical sales at convenience stores going forward.

On the services development front, KARUWAZA STATION in-store multimedia terminals have now been installed at all but a few stores. Through these terminals, Circle K Sunkus began handling lottery ticket sales for the Sports Promotion Lottery “toto” and offering a prize money payback service for this lottery. Other new services offered via KARUWAZA STATION in-store multimedia terminals include application filing services for various examinations and ticket sales services. In a newly launched service for Circle K Sunkus’ KARUWAZA CLUB original membership club, members can now use KARUWAZA STATION terminals to exchange their incentive points for Edy electronic money. The service has further enhanced customer convenience. Moreover, Circle K Sunkus began offering a car sharing service at approximately 200 Kanto-region stores through a partnership with Japan Car Sharing Inc. Circle K Sunkus is currently considering plans to expand the car sharing service to stores nationwide, with the aim of developing entirely new kinds of convenience stores.

In terms of social contribution activities, Circle K Sunkus conducts Safety Station activities at all stores based on the two themes of helping to build safe and secure neighborhoods and creating environments conducive to the sound development of youth. Safety Station activities are conducted by the Japan Franchise Association’s 12 member companies. Separate from these activities, Circle K Sunkus conducts its own social contribution activities, including store fundraising activities, emergency relief activities in response to major disasters, and NPO support activities.

In terms of store fundraising activities, the Company divides the fiscal year into three collection periods and raises funds for the “Nationwide Guide Dog Campaign,” the “Environmental Preservation Fund” and Japan UNICEF in each respective collection period. In the fiscal year ended February 28, 2010, Circle K Sunkus implemented new initiatives, including rolling out a system whereby KARUWAZA CLUB incentive points can be exchanged to make a fundraising donation at stores.

Examples of emergency relief activities in response to major disasters in the fiscal year ended February 28, 2010 included an emergency fundraising drive conducted at all stores in response to heavy rain in the Chugoku and Northern Kyushu areas of Japan. In addition, Circle K Sunkus conducted an emergency fundraising drive at all stores in response to the offshore Sumatra and Samoan Islands earthquakes, and Haiti’s major earthquake. In the fiscal year ended February 28, 2010, Circle K Sunkus signed agreements with four prefectures on providing emergency relief supplies in the event of a natural disaster. The Company also signed an agreement with one prefecture on providing assistance for people experiencing difficulties returning home in the event of a natural disaster.

In regard to NPO support activities, Circle K Sunkus made a donation to the Japan Team of Young Human Power (JHP), an NPO that builds and renovates schools mainly in Cambodia. Circle K Sunkus has continuously supported JHP since the fiscal year ended February 28, 2003, and has assisted in the construction of 13 buildings for 7 elementary and junior high schools through February 28, 2010.

Currently, approximately 4,000 students are studying at these schools. Circle K Sunkus also made a donation to NPO Family House, which provides affordable lodging for families of children from all over Japan who are battling serious illnesses such as cancer.

Circle K Sunkus continuously strives to bolster its environmental activities, focusing on waste recycling, energy conservation (reduction of CO₂ emissions) and reducing the usage of plastic shopping bags available at stores. In the fiscal year ended February 28, 2010, as part of the UNY Group's "food waste recycling loop" program, Circle K Sunkus sold boxed lunches that contain vegetables harvested through the program at certain convenience stores. The "food waste recycling loop" program is being promoted by the UNY Group as a recycling business project based on the Food Recycling Act. Circle K Sunkus also strengthened its food waste recycling initiatives, such as by using pork raised on certified Eco Feed (animal feed made from recycled resources) as entrée items and boxed lunches. As for energy conservation (reduction of CO₂ emissions) activities, Circle K Sunkus took several new initiatives. In Aichi Prefecture, Circle K Sunkus began deploying Plug-in Hybrid Vehicles (PHVs) for use as company cars by store supervisors visiting stores. Charging stations have also been installed at certain stores in Aichi Prefecture. In a separate initiative, the Company has started using eco-friendly plastic trays, which emit very little CO₂ emissions during production and disposal, for certain products. Furthermore, Circle K Sunkus worked to reduce plastic shopping bag usage by recycling old store uniforms used through June 2008 into reusable shopping bags. The shopping bags were distributed to customers free of charge at stores nationwide.

[Other Businesses]

In other businesses, ZERO NETWORKS Co., Ltd. is contracted to conduct "Zero Bank" ATM operations. The company has seen steady increases in the numbers of ATMs installed and ATM transactions. In the fiscal year ended February 28, 2010, ZERO NETWORKS recorded total operating revenues of ¥5,584 million, up 3.8% year on year. As of February 28, 2010, the company had installed a total of 2,576 "Zero Bank" ATMs and 1,401 "Bank Time" ATMs.

Note: Figures in the above segment information include inter-segment transactions.

[Outlook for the Fiscal Year Ending February 28, 2011]

In the fiscal year ending February 28, 2011, the Japanese economy is expected to remain flat through the first half of the year, mainly due to a projected drop in exports reflecting the yen's current appreciation, and weak consumer spending as the benefits of environment-related consumer purchasing incentives taper off. In the second half of the fiscal year, Japan should see an economic recovery, mainly driven by additional stimulus from government financial policies, including a child support allowance, and improving employment and personal income conditions, as well as stronger capital investment supported by increased exports to Asia. Nonetheless, economic growth is projected to be marginal as the economy offers no prospect of any sharp improvement in consumer spending.

In this climate, the convenience store industry faces fierce competition across traditional and nontraditional business formats such as food service establishments and drug stores. Faced with an increasingly challenging earnings environment, Circle K Sunkus will continue to implement measures to support improved earnings at franchisees by pursuing further cost reductions and improving productivity, so that franchisees and the Head Office can work as one to expand one another's earnings.

In this context, Circle K Sunkus' management policy for the fiscal year ending February 28, 2011 is that everyone should think and act together to ensure that Circle K Sunkus remains competitive. We will make

the priorities and issues faced by Circle K Sunkus visible in terms of concrete figures as we collectively think about and resolve issues as rapidly as possible. We aim to make Circle K Sunkus an enterprise that constantly embraces new challenges, by encouraging franchisees and employees alike to derive enjoyment from the process of considering what types of stores and products customers will find enjoyable.

In regard to the new organizational structure for the fiscal year ending February 28, 2011, the Company has integrated the Store Operations Division and Store Development Division into the Store Development & Operations Division to strengthen ties between the former two divisions. In addition, Circle K Sunkus will abolish its system of assigning responsibility to store supervisors and store developers by store brand. This move will mark the complete unification of the organization, which has continued since the merger that formed the Company. Circle K Sunkus will also further break down the coverage areas of its regional divisions under the Store Development & Operations Division from four to six areas. This change is to execute more fine-tuned regional strategies, while transferring authority to the heads of each regional division, thereby clarifying accountability. Additionally, the Business Innovation Development Division will be established to look at ways of reinventing convenience stores like never before, based on alliances with different business sectors.

On the store operations front, Circle K Sunkus will bolster its activities while giving top priority to enhancing customer satisfaction and boosting franchisee earnings. Efforts will be made to rigorously reduce Head Office costs while expanding franchisee support measures, with the aim of enhancing sales capabilities at each individual store and boosting franchisee earnings. A new budget for supervisor-franchisee sales promotion expenses will be established to bolster sales initiatives in line with actual conditions at each individual store. The Company will also work to boost franchisee sales and gross profit by switching the current implementation method for sales discounts to a coupon-based discount method. Events that encourage franchisee participation will also be stepped up in the hope of raising cohesion between franchisees and Head Office. In the fiscal year ending February 28, 2011, plans call for organizing a visit to a fast food preparation center, as well as holding a training session for supporters of patients with dementia.

In store development, Circle K Sunkus positions improving investment efficiency for new stores as a key priority. The Company aims to eliminate underperforming stores by conducting in-depth surveys of markets and prospective locations for new stores. We will strive to improve the earnings power of each store in conjunction with reducing rents and construction expenses, while securing net increases in the number of stores at a certain level and boosting the average daily sales per store. Meanwhile, in certain regions, store operation departments and store development departments will be integrated into unified regional store operation & development departments in order to bolster ties and speed up operations. This will enable us to efficiently develop stores in line with the actual regional conditions, as well as more effectively share information about store properties and franchisee candidates.

On the product development front, Circle K Sunkus aims to develop products and retailing spaces that fit customers' increasingly diverse lifestyle settings. To address drops in the number of customers visiting stores during morning and night time periods, we will begin conducting merchandising activities tied to specific time periods, including time-limited sales campaigns, and combination menus. Other priorities include developing long-life products such as baked goods and delicatessen items, to enhance the range of products available during off-peak hours and to address demand for products that can be stored for a certain period before consumption. We will also work to further enhance our hallmark Cherie Dolce

brand by horizontally expanding business to chilled beverages. Countertop fast foods will also be bolstered mainly by rolling out steamed bread made using in-store steamer machines, in addition to deploying in-store fryers and freshly brewed coffee dispensers. Furthermore, beginning with the fiscal year ending February 28, 2011, we will work to reduce logistics costs by reviewing delivery frequencies and time periods for each region and product category. We will also begin building systems and structures for establishing a new Supply Chain Management (SCM) system for the future.

In services development, Circle K Sunkus seeks to enhance the development of projects that take advantage of its loyal customer base and purchasing information, which are being driven by the expansion of KARUWAZA CLUB, Circle K Sunkus' in-house membership club. Efforts in the fiscal year ending February 28, 2011 will be focused on further enhancing membership services, such as by granting bonus points to members, and issuing KARUWAZA coupons (discount coupons) linked with KARUWAZA STATION in-house multimedia terminals. Introducing new methods of payment at stores is also high on the agenda. For example, Circle K Sunkus will start to accept payment via QUO Cards, and Suica cards offered by East Japan Railway Company (JR East). Partnerships with membership organizations of partner companies will also be bolstered through incentive-point exchange programs and other means. We will strive to ensure that these and other measures help us to increase KARUWAZA CLUB membership, while also leading to winning new customers and boosting customer footfall at our stores.

Store Operating Performance Forecasts (March 1, 2010 to February 28, 2011)

	Non-consolidated	Consolidated		Total
		Five area franchisers total	99 Ichiba	
Total store sales (¥ million)	843,210	57,823	11,087	912,120
Year-on-year (YoY) change (%)	(1.0)	46.5	3.8	1.1
YoY change in existing store sales (%)	(2.8)	-	-	-
Average product markup (%)	27.72	-	-	-
Stores opened	310	36	2	348
Stores closed	280	16	6	302
Total stores at period-end	4,988	396	64	5,448

*The above "five area franchisers total" is the sum of results for four subsidiaries, namely Sunkus Nishi-Saitama Co., Ltd., Sunkus Aomori Co., Ltd., Sunkus Kitakanto Co., Ltd., Sunkus Nishi-Shikoku Co., Ltd. and Sunkus Hokuria Co., Ltd..

For the fiscal year ending February 28, 2011, Circle K Sunkus is forecasting total operating revenues of ¥194,300 million on a consolidated basis, an increase of 0.1% year on year. On the earnings front, Circle K Sunkus is projecting consolidated operating income of ¥14,300 million, down 5.9% year on year, recurring profit of ¥13,200 million, down 9.6% year on year, and net income of ¥5,090 million, down 8.4% year on year.

(2) Financial Position

(Assets, Liabilities and Net Assets)

As of February 28, 2010, total assets were ¥224,843 million on a consolidated basis, ¥2,538 million higher than February 28, 2009. Total liabilities stood at ¥92,011 million, up ¥362 million from a year earlier. Meanwhile, net assets increased ¥2,175 million to ¥132,831 million from the end of fiscal 2008. As a result, the equity ratio was 59.1% as of February 28, 2010.

(Cash Flows)

In the fiscal year ended February 28, 2010, operating activities provided net cash of ¥15,921 million, 29.3% less than in the previous fiscal year. The main cash contributors were income before income taxes and minority interests of ¥10,780 million, 40% less than in the previous year; and an increase in money held as agent of ¥1,129 million, up 170.4%, for payment of utility and other bills, and for money held in conjunction with sales from the Sports Promotion Lottery “toto.”

Net cash used in investing activities was ¥10,895 million, 52.1% less than in the previous fiscal year. Cash was used mainly for payments of ¥13,635 million, 15.9% more year on year, for property and equipment, chiefly to open new stores and improve the functions of existing ones. Other components included ¥3,408 million for acquisition of intangible fixed assets and long-term prepaid expenses, 54% less year on year, mainly for software development for the next-generation franchise accounting system and for launching new content for in-store multimedia terminals; and payment of ¥2,484 million for the payment of long-term leasehold deposits, down 58.2%.

Net cash used in financing activities was ¥4,631 million, up 27.2% year on year. This reflected dividends paid of ¥3,349 billion, mostly unchanged from the previous year, and the repayment of guarantee deposits received of ¥1,120 million, 10.6% less year on year, mainly due to store closures. Cash was also used for the repayment of ¥893 million in lease obligations; no such payment was made in the previous fiscal year.

As a result of the above, as of February 28, 2010, cash and cash equivalents were ¥63,499 million, up ¥582 million, or 0.9%, from the end of the previous fiscal year.

(Reference: Cash Flow-related Indices)

	FY2008/2	FY2009/2	FY2010/2
Equity ratio (%)	57.0	58.8	59.1
Equity ratio using fair value (%)	60.2	56.9	41.5
Ratio of cash flow to interest-bearing debt (%)	7.9	7.8	57.5
Interest coverage ratio (times)	8,062.0	16,603.8	107.9

(Notes) Equity ratio = Shareholders' equity / Total assets

Equity ratio using fair value = Market capitalization / Total assets

Ratio of cash flow to interest-bearing debt = Interest-bearing debt / Operating cash flows

Interest coverage ratio = Operating cash flow / Interest payments

*Each index is calculated using consolidated figures.

*Market capitalization is calculated by multiplying the share price at the fiscal term-end by the number of shares issued and outstanding at the fiscal term-end, excluding treasury stock.

*Operating cash flow represents net cash provided by (used in) operating activities as presented on the consolidated statement of cash flows. Interest-bearing debt represents liabilities shown on the balance sheet for which interest is paid by the Company. Interest payments represent interest paid as shown on the consolidated statements of cash flows.

(3) Basic Earnings Distribution Policy and Dividends for February 2010 Fiscal Year and February 2011 Fiscal Year.

Circle K Sunkus regards dividends as the most important means of returning earnings to shareholders. Circle K Sunkus' basic policy is to return profits to shareholders based on earnings growth, while building up retained earnings to bolster the operating base as necessary to sustain business growth into the future. More specifically, Circle K Sunkus considers the maintenance of stable dividends its first priority, as it return earnings to shareholders while carefully monitoring our medium-term earnings outlook, capital expenditure plans and financial position, with the aim of paying out at least 30% of net income as dividends.

In accordance with the above basic policy, Circle K Sunkus has decided to pay an interim and year-end dividend of ¥20 per share each. The Company, therefore, plans to pay an annual dividend of ¥40 per share for February 2010 fiscal year. In addition, Circle K Sunkus plans to pay an annual dividend of ¥40 per share for February 2011 fiscal year.

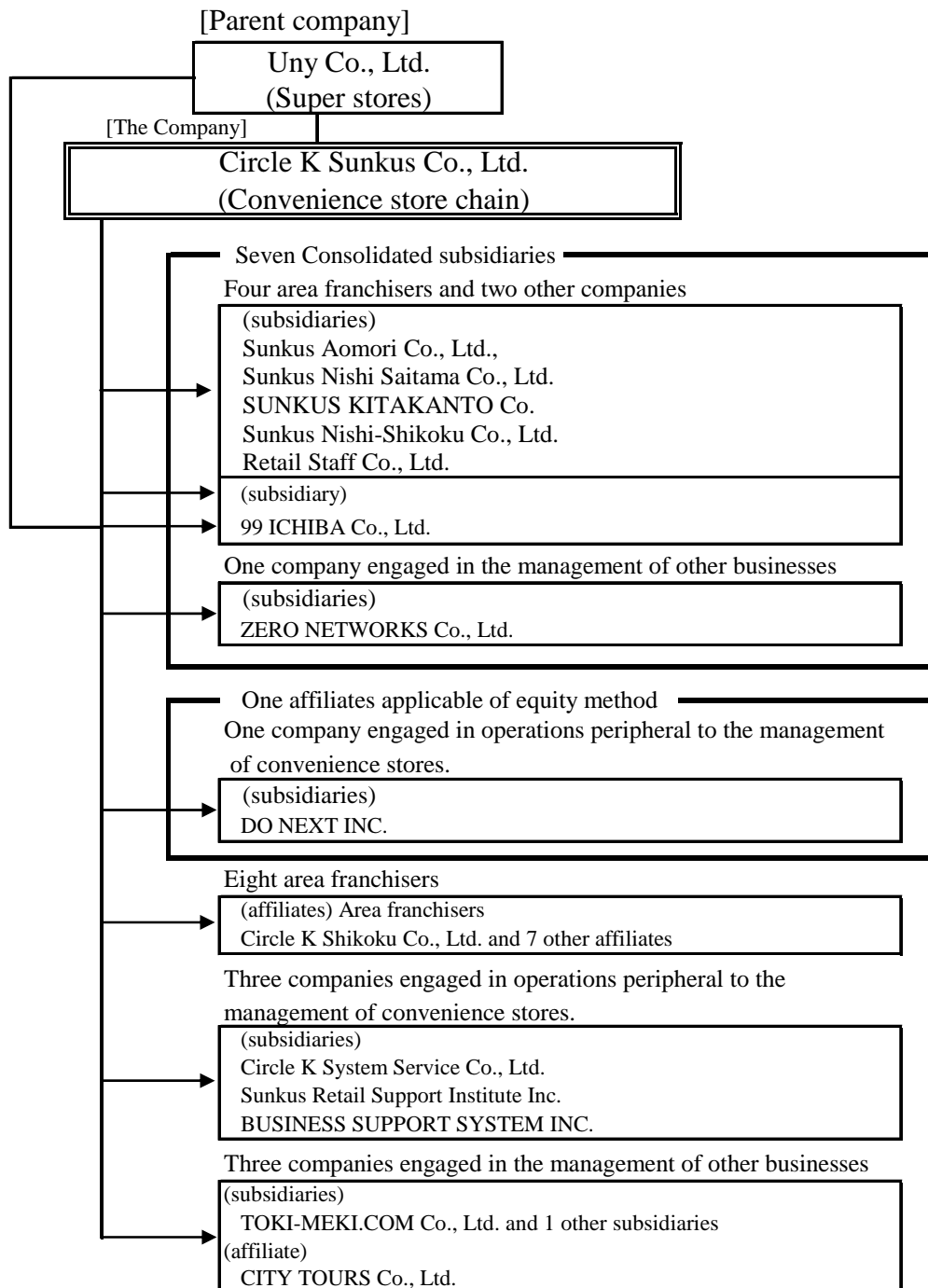
Retained earnings will be earmarked for investments related to store information systems, and for investments in developing new stores, revitalizing existing ones, and procuring product displays and other equipment for new products.

(4) Business Risks

As there have been no significant changes from the information disclosed in Circle K Sunkus' most recent securities report (filed on May 21, 2009), business risk information has been omitted.

2. Group Organization

The Circle K Sunkus Group is a member of the UNY Group, an operator of several major superstore chains, and comprises a total of 23 companies: Circle K Sunkus Co., Ltd. and 7 consolidated subsidiaries—Sunkus Aomori Co., Ltd., Sunkus Nishi-Saitama Co., Ltd., SUNKUS KITAKANTO Co., Ltd., Sunkus Nishi-Shikoku Co., Ltd., 99 ICHIBA Co., Ltd., Retail Staff Co., Ltd. and ZERO NETWORKS Co., Ltd. We also have 1 equity-method subsidiary, 5 other subsidiaries and 9 affiliates. The Circle K Sunkus Group is primarily engaged in the development of convenience store franchises. With a store network extending from Hokkaido to Kagoshima, the Circle K Sunkus Group, including area franchisers, had a presence in 38 prefectures as of February 28, 2010. The following chart depicts the Circle K Sunkus Group.



3. Management Policies

(1) Basic Management Policies

1) Management Philosophy

Circle K Sunkus established the following management philosophy at the time of its formation through a merger in September 2004: “We aim to be a company that achieves sustainable growth, while earning the trust of society.” Guided by this philosophy, we are committed to providing safe, high-quality and great-tasting products that engender peace of mind through our mainstay convenience store business, while also remaining earnestly engaged in social contribution and environmental protection activities. Circle K Sunkus will also fulfill social responsibilities commensurate with the size of its organization in terms of compliance, fair disclosure and in other areas. Through further reforms and creativity, Circle K Sunkus will raise its corporate value with the desire to continuously deliver value to shareholders, customers, local communities, franchisees, business partners, employees and all individual and institutional stakeholders.

2) Management Vision

Based on the management vision expressed in the slogans “Becoming a Truly Exciting (*WAKU WAKU*) Enterprise” and “Raising Quality,” Circle K Sunkus is committed to offering reliable, safe, healthy and great-tasting products and convenient and enjoyable services. The overarching goal is to develop stores that are better appreciated by customers.

(2) Management Targets

Circle K Sunkus’ management targets are to increase average daily sales per store to ¥500,000 or more on an all-store basis, and generate operating income of 3% or more of total store sales. These management targets will help the Company to quantitatively gauge progress toward realizing its new management vision. Another priority is to improve ROE by efficiently using shareholders’ equity to increase shareholder value.

(3) Medium-term Management Strategy

1) Business Environment and Strategic Goals

Competition in the retail sector is becoming complex and multi-faceted, cutting across industry and business lines. In the convenience store industry, larger companies are expected to rapidly outdistance medium-sized and smaller ones by capturing a growing share of the market. Furthermore, as Japan’s aging population and declining birthrate lead to a falling population and changing social structure, the main customer base of convenience stores is tending to shift from younger to middle-aged and elderly customers. This means that Circle K Sunkus will need to satisfy new types of customer needs going forward. Furthermore, in response to growing public interest in corporate social responsibility (CSR), Circle K Sunkus will establish a management framework grounded on compliance by crafting and implementing an internal control system. Meanwhile, Circle K Sunkus also recognizes that CSR priorities, including environmental initiatives and community projects, must be reflected in management actions.

In this context, Circle K Sunkus has established three primary strategic goals. The first is to prioritize growth in operating income as a percentage of sales over growth in total store sales. The second is to prioritize quality improvements (i.e. increasing average daily sales per store) at individual stores over simply expanding the store network. The third is to prioritize winning a larger market share in prefectures where Circle K and Sunkus currently have stores, to become the market-share leader in more prefectures.

2) Medium-term Management Plan

Circle K Sunkus formulated a Three-year Plan starting in fiscal 2009 to achieve these strategic goals. The Company will work to build a stronger earnings structure by strengthening sales capabilities and transforming its earnings (cost) structure across a diverse array of operations, including store operations and store development, as well as product and services development.

(Medium-term Management Policies)

- Develop stores better appreciated by customers through the provision of true customer value
- Boldly develop new products and services, and new sales methods
- Promote regional strategies and monitor progress toward earnings by region
- Build a stronger earnings structure: raise quality (by improving average daily sales per store and average product markup), ensuring low-cost operations and increase ROE)
- Enhance and optimize operating efficiency: Standardize franchise agreements and introduce a new type of franchise agreement

(The Revised Three-year Plan)

	FY2009/2 (Results)	FY2010/2 (Revised)	FY2011/2 (Revised)
Store openings	312	319	330
Store closures	287	280	291
Total stores at period-end	5,263	5,302	5,341
YoY change in existing store sales (%)	+4.1	+0.5	+0.5
Average product markup (%)	28.11	28.01	28.07
Total store sales (¥ million)	940,232	960,110	983,880
Total operating revenues (¥ million)	213,398	212,120	221,880
Operating income (¥ million)	23,009	20,470	20,920
Recurring profit (¥ million)	22,566	19,200	19,270
Net income (¥ million)	9,435	9,100	9,190
Capital expenditures (¥ million)	37,307	30,570	27,050

*The above The Revised Three-year Plan targets were announced with operating results for February 2009 Fiscal Year on April 9, 2009.

*Figures for year-on-year changes in existing store sales and average product markup are shown on a non-consolidated basis; all other figures are shown on a consolidated basis.

*Capital expenditures include investments treated as leases.

(Progress With Three-year Plan and Changes)

In the fiscal year ended February 28, 2010, Circle K Sunkus continued to record weak sales across a wide range of product categories—including fast food, perishable food and processed food. This was mainly the result of generally lackluster consumer spending accompanying unsettled weather and weak economic conditions, as well as intensifying competition with different business sectors. Existing store sales and the average product markup fell far short of initial targets, pushing down revenues from franchised stores. Consequently, total operating revenues at Circle K Sunkus fell sharply below target. Although Circle K Sunkus strove to rigorously enforce cost awareness and reduce selling, general and administrative expenses, consolidated operating results for the fiscal year ended February 28, 2010 fell far short of its aforementioned revised targets.

	FY2009/2 (Results)	FY2010/2 (Results)	FY2011/2 (Revised)
Store openings	312	316	348
Store closures	287	277	302
Total stores at period-end	5,263	5,302	5,448
YoY change in existing store sales (%)	+4.1	(5.6)	(2.8)
Average product markup (%)	28.11	27.64	27.72
Total store sales (¥ million)	940,232	902,318	912,120
Total operating revenues (¥ million)	213,398	194,142	194,300
Operating income (¥ million)	23,009	15,199	14,300
Recurring profit (¥ million)	22,566	14,607	13,200
Net income (¥ million)	9,435	5,554	5,090
Capital expenditures (¥ million)	37,307	26,436	24,680

*Figures for year-on-year changes in existing store sales and average product markup are shown on a non-consolidated basis; all other figures are shown on a consolidated basis.

*Capital expenditures include investments treated as leases.

*From the year ended February 28, 2010, Sunkus Hokuria Co., Ltd. become a consolidated subsidiary.

3) Main Business Strategies

- Bolster sales capabilities by accelerating regional strategies through the establishment of regional divisions and monitoring of progress toward earnings targets by region
- Invest significantly in bolstering sales capabilities while maintaining a sound financial position, keeping capital expenditures, in principle, within cash flows and liquidity on hand (take an aggressive stance)
- Enhance profitability and capital efficiency through rigorous low-cost operations and the pursuit of greater returns on investments (cost effectiveness) (fortify the Company's defenses)
- Make Circle K and Sunkus the leading convenience store chains in terms of customer satisfaction by improving customer service and optimizing product lineups. Establish win-win relationships between the Franchise Headquarters and franchised stores by offering stronger support—i.e., transform the mindset of franchised storeowners and offer support for recruiting and training store staff, among other measures
- Restore unprofitable stores and regions to profitability by stepping up relocations and the scrap-and-build program, while investing significantly in new stores in profitable regions, to increase the quality of both convenience store chains in terms of average daily sales per store
- Improve Circle K Sunkus' brand image by providing reliable, safe, healthy and great-tasting products and implementing sales promotions supported by customers
- Boldly develop new products and services: new original products that tap the Uny Group's product development and procurement expertise; own original products and unique regional products; and product lineups that better reflect location and customer characteristics for each store
- Conduct management focused on compliance while establishing and improving an internal control system and corporate governance structure
- Strengthen environmental and social contribution activities such as conserving energy and reducing plastic shopping bag usage, and food recycling.

(4) Issues to Be Addressed

Based on the above strategies, Circle K Sunkus aims to strengthen sales capabilities across a diverse array of operations, including store operations, and store and product development, and to raise quality by tackling the following pressing issues:

1) Enhance management efficiency and optimize operations

Circle K Sunkus will promote the integration of different franchise agreements in use at Circle K and Sunkus stores, while enhancing management efficiency by fully unifying all operations. In addition, various internal procedures and application processes will be digitized and made paperless in order to optimize operations and enhance productivity.

2) Transforming the earnings (cost) structure

Circle K Sunkus will build a stronger business focused on profitability by closely examining the cost effectiveness of all investments and spending, and eliminating inefficiencies in each area. Moreover, Circle K Sunkus will respond to higher costs and other changes in the earnings structure in the convenience store franchise business by continuously and systematically controlling costs. This will entail streamlining the Head Office, curtailing store rent and construction costs, and reviewing operating costs related to Company-owned stores.

3) Strengthen store operation capabilities

Circle K Sunkus will work to boost customer satisfaction by enhancing friendly customer service. In a challenging business environment, Circle K Sunkus will work to rigorously reduce Head Office costs while expanding franchisee support measures, with the aim of enhancing sales capabilities at each individual store and boosting franchisee earnings. This is to ensure that both franchisees and Head Office expand earnings. While identifying and resolving management issues at each individual store, Circle K Sunkus will provide rigorous management guidance to franchised stores with an emphasis on profitability. Key themes include focusing on making retail spaces more efficient and eliminating lost sales opportunities.

4) Strengthen store development capabilities

Circle K Sunkus will implement clear-cut strategies for opening stores by region. The Company will work to establish a dominant presence in key areas by stepping up investments in new stores in profitable regions while focusing on store relocations in other less profitable regions. In addition, Circle K Sunkus will open new stores with an emphasis on low-cost, ROI-intensive operations as it gives top priority to quality (average daily sales at new stores) and the profitability of stores. Additionally, Circle K Sunkus aims to maintain a net increase in the number of stores by steadily signing up franchisee candidates.

5) Reinforce product and service development capabilities

Circle K Sunkus will further enhance and refine original products that raise its distinctiveness, while embracing the challenge of developing new products and sales methods that better reflect the location characteristics of each store and customer needs. Furthermore, Circle K Sunkus will develop original brand products that tap the Uny Group's collective product development and procurement capabilities. By offering a balanced product lineup featuring both high-quality, high-value products and affordable, low-priced products, Circle K Sunkus will satisfy the increasingly dual nature of consumer needs. The Company will also develop and roll out new services as a means of attracting more customers to its stores. By leveraging its newly installed KARUWAZA STATION in-store multimedia terminals in particular, the Company will offer many different kinds of content to open up new possibilities for service category products.

6) Embracing the challenge of “reinventing convenience stores like never before” by strengthening alliances with other business sectors

In December 2009, Circle K Sunkus announced a business tie-up with cocokara fine HOLDINGS Inc., which manages the SEGAMI and SEIJO drugstore chains. Looking ahead, the two companies will consider developing new store formats combining aspects of convenience stores and drugstores, providing mutual merchandising support to one another, and creating new types of tie-up stores.

Going forward, Circle K Sunkus will embrace the challenge of “reinventing convenience stores like never before” by strengthening alliances with companies engaged in a wide variety of business sectors and business formats.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

(Millions of yen)

	Previous fiscal year (As of February 28, 2009)	Current fiscal year (As of February 28, 2010)
(ASSETS)		
Current assets		
Cash and cash equivalents	51,993	61,475
Due from franchised stores	3,542	3,496
Marketable securities	17,023	5,024
Inventories	2,494	-
Merchandise	-	1,954
Supplies	-	35
Prepaid expenses	4,036	3,879
Deferred tax assets	1,288	646
Other accounts receivable	7,575	8,079
Other current assets	4,724	5,556
Allowance for doubtful accounts	(351)	(227)
Total current assets	92,328	89,919
Fixed assets		
Property and equipment		
Buildings and structures (net)	35,263	35,588
Equipment	10	7
Furniture and fixtures (net)	4,989	4,397
Land	8,504	8,399
Leased assets (net)	-	11,549
Construction in progress	805	127
Total property and equipment	49,572	60,068
Intangible fixed assets		
Software	7,593	8,236
Software development in progress	1,222	48
Other intangible fixed assets	3,272	3,491
Total intangible fixed assets	12,088	11,776
Investments and other assets		
Investment securities	4,949	4,008
Deferred tax assets	3,275	3,397
Long-term leasehold deposits	52,935	49,323
Other investments	8,636	7,599
Allowance for doubtful accounts	(1,481)	(1,251)
Total investments and other assets	68,315	63,078
Total fixed assets	129,976	134,923
Total assets	222,305	224,843

(Millions of yen)

	Previous fiscal year (As of February 28, 2009)	Current fiscal year (As of February 28, 2010)
(LIABILITIES)		
Current liabilities		
Trade payables	34,281	32,779
Due to franchised stores	2,038	1,901
Lease obligations	-	1,287
Other accounts payable	8,129	6,295
Income taxes payable	4,474	841
Money held as agent	24,930	25,876
Accrued employees' bonuses	826	26
Allowance for incentive points	57	46
Other current liabilities	2,317	2,097
Total current liabilities	77,091	71,956
Long-term liabilities		
Lease obligations	-	6,061
Allowance for employees' retirement benefit liability	374	308
Long-term guarantee deposits received	10,978	10,822
Long-term allowance for impairment loss on leased assets	818	775
Other long-term liabilities	2,386	2,087
Total long-term liabilities	14,556	20,055
Total liabilities	91,648	92,011
(NET ASSETS)		
Shareholder's equity		
Common stock	8,380	8,380
Capital surplus	36,093	36,092
Retained earnings	90,721	92,923
Less, treasury stock, at cost	(5,028)	(5,030)
Total shareholders' equity	130,166	132,366
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities	489	465
Total unrealized gains or losses and translation differences, etc.	489	465
Total equity	130,656	132,831
Total liabilities and net assets	222,305	224,843

(2) Consolidated Statements of Income

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

(Millions of yen)

	Previous fiscal year (From March 1, 2008 to February 28, 2009)	Current fiscal year (From March 1, 2009 to February 28, 2010)
Operating revenues	115,761	111,036
Franchise commissions from franchised stores	103,818	98,932
Other revenues	11,943	12,103
Net sales of company-owned stores	97,636	83,106
Total operating revenues	213,398	194,142
Cost of goods sold	75,112	64,359
Operating gross profit	138,285	129,782
Selling, general and administrative expenses	115,276	114,583
Operating income	115,276	15,199
Non-operating income	1,432	1,099
Non-operating expenses	1,875	1,691
Recurring profit	22,566	14,607
Extraordinary gains	409	147
Extraordinary losses	5,019	3,974
Income before income taxes	17,956	10,780
Income taxes-current	7,876	4,695
Income taxes-deferred	668	530
Total Income taxes	8,545	5,226
Net income	9,435	5,554

(3) Consolidated Statement of Changes in Shareholders' Equity

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

(Millions of yen)

	Previous fiscal year (From March 1, 2008 to February 28, 2009)	Current fiscal year (From March 1, 2009 to February 28, 2010)
Shareholder's equity		
Common stock		
Balance at February 28, 2009	8,380	8,380
Changes during the period		
Total	-	-
Balance at February 29, 2010	8,380	8,380
Capital surplus		
Balance at February 28, 2009	36,093	36,093
Changes during the period		
Net change in treasury stock	(0)	(0)
Total	(0)	(0)
Balance at February 29, 2010	36,093	36,092
Retained earnings		
Balance at February 28, 2009	84,636	90,721
Changes during the period		
Cash dividends	(3,350)	(3,350)
Net income	9,435	5,554
Increase in consolidated subsidiaries	-	(2)
Total	6,085	2,201
Balance at February 29, 2010	90,721	92,923
Treasury stock		
Balance at February 28, 2009	(5,025)	(5,028)
Changes during the period		
Net change in treasury stock	(4)	(3)
Cancellation of treasury stock	2	1
Total	(2)	(2)
Balance at February 29, 2010	(5,028)	(5,030)
Total share-holders' equity		
Balance at February 28, 2009	124,084	130,166
Changes during the period		
Cash dividends	(3,350)	(3,350)
Net income	9,435	5,554
Net change in treasury stock	(4)	(3)
Cancellation of treasury stock	1	0
Increase in consolidated subsidiaries	-	(2)
Total	6,082	2,199
Balance at February 29, 2010	130,166	132,366

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

(Millions of yen)

	Previous fiscal year (From March 1, 2008 to February 28, 2009)	Current fiscal year (From March 1, 2009 to February 28, 2010)
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities		
Balance at February 28, 2009	523	489
Changes during the period		
Changes in items other than shareholders' equity (net)	(33)	(23)
Total	(33)	(23)
Balance at February 29, 2010	489	465
Total of Unrealized gains or losses and translation differences, etc.		
Balance at February 28, 2009	523	489
Changes during the period		
Changes in items other than shareholders' equity (net)	(33)	(23)
Total	(33)	(23)
Balance at February 29, 2010	489	465
Minority Interests		
Balance at February 28, 2009	24	-
Changes during the period		
Changes in items other than shareholders' equity (net)	(24)	-
Total	(24)	-
Balance at February 29, 2010	-	-
Total equity		
Balance at February 28, 2009	124,631	130,656
Changes during the period		
Cash dividends	(3,350)	(3,350)
Net income	9,435	5,554
Net change in treasury stock	(4)	(3)
Cancellation of treasury stock	1	0
Increase in consolidated subsidiaries	-	(2)
Changes in items other than shareholders' equity (net)	(57)	(23)
Total	6,024	2,175
Balance at February 29, 2010	130,656	132,831

(4) Consolidated Statements of Cash Flows

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

(millions of yen)

	Previous fiscal year (From March 1, 2008 to February 28, 2009)	Current fiscal year (From March 1, 2009 to February 28, 2010)
	Amount	Amount
1. Cash flows from operating activities:		
Income before income taxes	17,956	10,780
Depreciation and amortization	8,614	11,051
Impairment loss on fixed assets	3,225	3,528
Loss on write-down of investment securities	91	3
Gain on sale of investments in securities	(100)	-
Loss on sale or disposal of property and equipment	999	222
(Decrease) increase in allowance for doubtful accounts	(4)	(353)
Increase (decrease) in accrued bonuses to employees	55	(20)
Increase in accrued bonuses to directors	(10)	(11)
(Decrease) increase in employee retirement benefit liability	(333)	(66)
Increase in allowance for debt guarantees	136	-
Interest and cash dividends income	(764)	(640)
Interest expenses	43	185
Equity-method investment income	(81)	(66)
(Increase) decrease in trade receivable	1,997	(331)
Decrease (increase) in inventories	47	505
(Decrease) increase in trade and due to franchised stores payable	(2,265)	(1,639)
Decrease in other accounts payable and accrued expenses	1,421	(845)
(Decrease) increase in money held as agent	(1,603)	1,129
Lease contract cancellation expenses	848	729
Other	(1,211)	(71)
Sub-total	28,789	24,090
Interest and dividends received	472	359
Interest paid	(1)	(147)
Income taxes paid	(6,735)	(8,380)
Net cash provided by operating activities	22,525	15,921

(millions of yen)

	Previous fiscal year (From March 1, 2007 to February 29, 2008)	Current fiscal year (From March 1, 2008 to February 28, 2009)
	Amount	Amount
2. Cash flows from investing activities:		
Payments for time deposits	(1,600)	-
Proceeds from repayment of time deposits	1,600	100
Decrease in marketable securities	(15,000)	(15,000)
Increase in marketable securities	12,000	18,000
Increase in property and equipment	(11,761)	(13,635)
Decrease in property and equipment	668	362
Increase in intangible fixed assets and long-term prepaid expenses	(7,407)	(3,408)
Increase in investment securities	(257)	(230)
Decrease in investment securities	139	1,000
Proceeds from long-term advances received	63	244
Increase in loans receivable	(1,040)	(1,957)
Collection of loans receivable	1,011	1,376
Increase in long-term leasehold deposits	(5,948)	(2,484)
Collection of fixed leasehold deposits	4,645	4,732
Other	156	5
Net cash used in investing activities	(22,731)	(10,895)
3. Cash flows from financing activities:		
Repayment of lease obligations	-	(893)
Increase in treasury stock	(4)	(3)
Dividends paid	(3,351)	(3,349)
Increase in guarantee deposits received	967	735
Decrease in guarantee deposits received	(1,253)	(1,120)
Other	1	0
Net cash used in financing activities	(3,640)	(4,631)
4. Net (decrease) increase in cash and cash equivalents	(3,846)	394
5. Cash and cash equivalents at beginning of year	66,763	62,916
6. Increase in cash and cash equivalents upon inclusion of additional subsidiaries on consolidation	-	188
7. Cash and cash equivalents, end of the year	62,916	63,499

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

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

(Millions of yen)

	Previous fiscal year (As of February 28, 2009)	Current fiscal year (As of February 28, 2010)
(ASSETS)		
Current assets		
Cash and cash equivalents	48,575	57,306
Due from franchised stores	3,319	3,279
Marketable securities	17,023	5,024
Merchandise	2,112	1,560
Supplies	36	34
Prepaid expenses	3,849	3,680
Deferred tax assets	1,288	638
Accrued income	75	77
Short-term loans receivable	18	19
Short-term loans receivable for affiliated company	3,220	4,630
Other accounts receivable	8,077	8,845
Long-term leasehold deposits collectible within one year	3,502	3,576
Other current assets	146	124
Allowance for doubtful accounts	(783)	(915)
Total current assets	90,461	87,882
Fixed assets		
Property and equipment		
Buildings and structures (net)	26,136	26,539
Structures (net)	6,501	6,430
Machinery and equipment (net)	6	4
Automotive equipment (net)	4	2
Furniture and fixtures (net)	4,764	4,183
Land	8,471	8,366
Leased assets (net)	-	10,672
Construction in progress	760	106
Total property and equipment	46,645	56,305
Intangible fixed assets		
Right of leasehold	2,299	2,475
Right of trademarks	9	7
Software	7,563	8,211
Software development in progress	1,222	48
Right of rented house leasehold	425	487
Right of telephone	451	424
Other intangible fixed assets	31	33
Total intangible fixed assets	12,002	11,688
Investments and other assets		
Investment securities	3,839	3,031
Investment in affiliated company	2,696	2,464
Investments	2	2
Long-term loans receivable	420	272
Long-term loans receivable for affiliated company	1,417	1,602
Receivables in bankruptcy or reorganization	658	650
Long-term prepaid expenses	5,911	5,276
Deferred tax assets	3,275	3,397
Leasehold deposits	50,382	46,922
Store leases in process	891	719
Other investments	350	281
Allowance for doubtful accounts	(2,010)	(2,365)
Total investments and other assets	67,835	62,257
Total fixed assets	126,484	130,251
Total assets	216,945	218,133

(Millions of yen)

	Previous fiscal year (As of February 28, 2009)	Current fiscal year (As of February 28, 2010)
(LIABILITIES)		
Current liabilities		
Trade payables	32,261	30,517
Due to franchised stores	1,874	1,749
Lease obligations	-	1,195
Other accounts payable	6,956	5,154
Accrued expenses	828	766
Income taxes payable	4,405	698
Consumption taxes payable	104	27
Money held as agent	24,003	24,850
Income in advance	478	473
Allowance for bonuses to employees	777	744
Allowance for bonuses to directors	36	26
Allowance for incentive points	57	46
Guarantee deposits refundable within one year	646	601
Other current liabilities	23	2
Total current liabilities	72,453	66,854
Long-term liabilities		
Lease obligations	-	5,632
Allowance for employees' retirement benefit liability	347	275
Guarantee deposits received	10,715	10,577
Long-term income in advance	2,308	2,019
Allowance for impairment loss on leased assets	721	657
Other long-term liabilities	27	27
Total long-term liabilities	14,119	19,190
Total liabilities	86,572	86,045
(NET ASSETS)		
Shareholder's equity		
Common stock	8,380	8,380
Capital surplus	36,093	36,092
Retained earnings	90,438	92,179
Less, treasury stock, at cost	(5,028)	(5,030)
Total shareholders' equity	129,883	131,622
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities	489	466
Total unrealized gains or losses and translation differences, etc.	489	466
Total equity	130,373	132,088
Total liabilities and net assets	216,945	218,133

(2) Non-Consolidated Statements of Income

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

(Millions of yen)

	Previous fiscal year (From March 1,2008 to February 28, 2009)	Current fiscal year (From March 1,2009 to February 28, 2010)
Operating revenues	112,196	107,489
Franchise commissions from franchised stores	100,356	95,504
Other revenues	11,840	11,984
Net sales of company-owned stores	78,617	62,063
Total operating revenues	190,814	169,552
Cost of goods sold	59,741	46,808
Operating gross profit	18,875	14,703
Selling, general and administrative expenses	107,889	106,795
Operating income	23,183	15,397
Non-operating income	1,346	1,041
Non-operating expenses	2,550	2,478
Recurring profit	21,979	13,959
Extraordinary gains	409	177
Extraordinary losses	5,569	3,996
Income before income taxes	16,819	10,140
Income taxes-current	7,755	4,510
Income taxes-deferred	786	538
Total Income taxes	8,541	5,048
Net income	8,277	5,091

(3) Non-Consolidated Statement of Changes in Shareholders' Equity

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

(Millions of yen)

	Previous fiscal year (From March 1, 2008 to February 28, 2009)	Current fiscal year (From March 1, 2009 to February 28, 2010)
Shareholder's equity		
Common stock		
Balance at February 28, 2009	8,380	8,380
Changes during the period		
Total	-	-
Balance at February 29, 2010	8,380	8,380
Capital surplus		
Additional paid-in capital		
Balance at February 28, 2009	36,090	36,090
Changes during the period		
Total	-	-
Balance at February 29, 2010	36,090	36,090
Other capital surplus		
Balance at February 28, 2009	3	2
Changes during the period		
Cancellation of treasury stock	(0)	(0)
Total	(0)	(0)
Balance at February 29, 2010	2	2
Total of Capital surplus		
Balance at February 28, 2009	36,093	36,093
Changes during the period		
Cancellation of treasury stock	(0)	(0)
Total	(0)	(0)
Balance at February 29, 2010	36,093	36,092
Retained earnings		
Legal reserve		
Balance at February 28, 2009	687	687
Changes during the period		
Total	-	-
Balance at February 29, 2010	687	687
Other retained earnings		
General reserve		
Balance at February 28, 2009	76,221	79,721
Changes during the period		
General reserve	3,500	5,000
Total	3,500	5,000
Balance at February 29, 2010	79,721	84,721

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

(Millions of yen)

	Previous fiscal year (From March 1, 2008 to February 28, 2009)	Current fiscal year (From March 1, 2009 to February 28, 2010)
Retained earnings carried forward		
Balance at February 28, 2009	8,602	10,029
Changes during the period		
Dividends on retained earnings	(3,350)	(3,350)
Net income	8,277	5,091
General reserve	(3,500)	(5,000)
Total	1,427	(3,258)
Balance at February 29, 2010	10,029	6,770
Total of retained earnings		
Balance at February 28, 2009	85,511	90,438
Changes during the period		
Dividends on retained earnings	(3,350)	(3,350)
Net income	8,277	5,091
Total	4,927	1,741
Balance at February 29, 2010	90,438	92,179
Treasury stock		
Balance at February 28, 2009	(5,025)	(5,028)
Changes during the period		
Net change in treasury stock	(4)	(3)
Cancellation of treasury stock	2	1
Total	(2)	(2)
Balance at February 29, 2010	(5,028)	(5,030)
Total share-holders' equity		
Balance at February 28, 2009	124,959	129,883
Changes during the period		
Cash dividends	(3,350)	(3,350)
Net income	8,277	5,091
Net change in treasury stock	(4)	(3)
Cancellation of treasury stock	1	0
Total	4,924	1,738
Balance at February 29, 2010	129,883	131,622

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

(Millions of yen)

	Previous fiscal year (From March 1, 2008 to February 28, 2009)	Current fiscal year (From March 1, 2009 to February 28, 2010)
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities		
Balance at February 28, 2009	524	489
Changes during the period		
Changes in items other than shareholders' equity (net)	(34)	(23)
Total	(34)	(23)
Balance at February 29, 2010	489	466
Total of unrealized gains or losses and translation differences, etc.		
Balance at February 28, 2009	524	489
Changes during the period		
Changes in items other than shareholders' equity (net)	(34)	(23)
Total	(34)	(23)
Balance at February 29, 2010	489	466
Net assets		
Balance at February 28, 2009	125,483	130,373
Changes during the period		
Dividends on retained earnings	(3,350)	(3,350)
Net income	8,277	5,091
Net change in treasury stock	(4)	(3)
Cancellation of treasury stock	1	0
Changes in items other than shareholders' equity (net)	(34)	(23)
Total	4,890	1,714
Balance at February 29, 2010	130,373	132,088