

Summary of Consolidated Financial Statements for the year ended February 28, 2011. (March 1, 2010 to February 28, 2011)

Circle K Sunkus Co., Ltd.

Securities Code Number: 3337

URL: <http://www.circleksunkus.jp>

Representative: Motohiko Nakamura, President

Contact: Toshitaka Yamaguchi, Executive Officer, Head of Finance and Accounting Division

Phone: +81-3-6220-9005

Date of the annual general meeting of shareholders: May 25, 2011

Date of dividend payment: May 26, 2011

Prepared in accordance with the financial accounting standards in Japan.

1. Results for the Fiscal Year Ended February 28, 2011(March 1, 2010 to February 28, 2011)

(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 %
FY2011/2	192,304	(0.9)	18,571	22.2	17,477	19.6
FY2010/2	194,142	(9.0)	15,199	(33.9)	14,607	(35.3)

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
FY2011/2	7,165	29.0	85.55	-
FY2010/2	5,554	(41.1)	66.32	-

	Return on equity	Recurring profit ratio of total assets	Operating income ratio of total operating revenues
	%	%	%
FY2011/2	5.3	7.5	9.7
FY2010/2	4.2	6.5	7.8

(Reference) Profit and loss on equity-method (Millions of yen) FY2011/2 - FY2011/2 66

(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, 2011	240,027	136,672	56.9	1,631.86
As of February 28, 2010	224,843	132,831	59.1	1,585.98

(Reference) Shareholders' equity (Millions of yen) As of February 28, 2011 136,672
As of February 28, 2010 132,831

(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
FY2011/2	27,302	(8,323)	(6,540)	75,938
FY2010/2	15,921	(10,895)	(4,631)	63,499

2. Dividends Status

Record date	Dividends per share (yen)					Dividends Paid (¥millions)	Payout ratio(%)	DOE(%)
	1st Quarter	2nd Quarter	3rd Quarter	Fiscal year	Annual			
FY2010/2	-	20.00	-	20.00	40.00	3,350	60.3	2.5
FY2011/2	-	20.00	-	20.00	40.00	3,350	46.8	2.5
FY2012/2 (plan)	-	20.00	-	20.00	40.00		70.1	

3. Forecast of Consolidated Results for the Year Ending February 29, 2012

	Operating revenue		Operating income		Recurring profit		Net income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
2nd Quarter	97,250	(1.1)	10,670	1.3	10,320	(0.5)	1,140	(71.3)	13.61
FY2012/2	188,790	(1.8)	18,400	(0.9)	17,500	0.1	4,780	(33.3)	57.07

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, 2011	86,183,226 shares
	Year ended February 28, 2010	86,183,226 shares
2. Average number of treasury stocks end of period	Year ended February 28, 2011	2,430,976 shares
	Year ended February 28, 2009	2,429,263 shares

(Reference)

1. Non-Consolidated Results for the Fiscal Year Ended February 28, 2011.

(March 1, 2010 to February 28, 2011)

(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 %
FY2011/2	163,253	(3.7)	18,315	19.0	16,888	21.0
FY2010/2	169,552	(11.1)	15,397	(33.6)	13,959	(36.5)

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
FY2011/2	7,277	42.9	86.90	-
FY2010/2	5,091	(38.5)	60.79	-

(Reference) Total store sales (Millions of yen) FY2011/2 855,010(+0.3% y-o-y)
FY2010/2 852,154 (-4.3% 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, 2011	230,811	136,040	58.9	1,624.32
As of February 28, 2010	218,133	132,088	60.6	1,577.10

(Reference) Shareholders' equity (Millions of yen) As of February 28, 2011 136,040
As of February 28, 2010 132,088

2. Forecast of Non-Consolidated Results for the Year Ending February 29, 2012

	Operating revenue		Operating income		Recurring profit		Net income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
2nd Quarter	81,560	(2.2)	10,500	1.0	9,680	(4.3)	1,470	(63.9)	17.55
FY2012/2	157,910	(3.3)	18,270	(0.2)	16,930	0.2	5,290	(27.3)	63.16

(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, 2011 (March 1, 2010 to February 28, 2011)

(Operating Results for February 2011 Fiscal Year)

In the fiscal year ended February 28, 2011, the Japanese economy continued on a recovery track, supported by export growth mainly to emerging economies and robust corporate capital investment. Personal consumption also picked up slowly in response to improved employment and wage conditions accompanying a recovery in corporate output, even after government policies such as tax cuts for eco-friendly cars expired.

In the convenience store industry, the effects of an unusually hot summer in combination with a number of other factors, including a rise in cigarette sales accompanying a tax hike, contributed to a rebound in existing store sales. Consumers who grew weary of penny pinching showed less preference for lower priced products. Moreover, there were signs of recovery in sales of mainstay ready-made meals such as boxed lunches and delicatessen foods.

In this climate, in the fiscal year ended February 28, 2011, total consolidated operating revenues at Circle K Sunkus declined 0.9% year on year to ¥19,234million. This decline reflected mainly a decrease in sales at Company-owned stores due to a strategic reduction in such stores to reduce costs. Operating income, on the other hand, increased 22.2% year on year, to ¥18,571 million, thanks to higher franchise commissions from franchised stores, as well as efforts to hold down selling, general and administrative expenses. Recurring profit increased 19.6%, to ¥17,477 million. And despite an increase in extraordinary losses of 8.6% year on year to ¥4,315 million, incurred for the disposal of property and equipment and impairment losses on fixed assets among other items, income before income taxes and minority interests increased 22.9% to ¥13,254million and net income increased 29.0% to ¥7,165 million.

The following is an overview by business segment.

[Convenience Store Business]

During the fiscal year ended February 28, 2011, Circle K Sunkus saw a continued recovery in sales of fast food, perishable food and certain other product categories. The fiscal year was also defined by strong summer sales due to lingering summer heat and thereafter a tax hike on cigarettes in October 2010 that prompted the surge of demand before it took effect.

Existing store sales in the fiscal year ended February 28, 2011 finished higher than target to decrease 1.4% year on year on a non-consolidated basis. Total store sales, including Circle K Sunkus' six consolidated subsidiaries in the convenience store business, rose 2.3% to ¥923,185 million.

The average product markup for Circle K Sunkus in the February 2011 fiscal year was 27.69% on a non-consolidated basis, up 0.05 of a percentage point from the previous fiscal year. Although low-margin cigarettes and service merchandise recorded higher sales and accounted for a greater share of overall sales, there were major improvements in margins in fast foods, perishable foods, processed foods and certain other categories, and healthy sales growth.

Summary of Store Performance (March 1, 2010 to February 28, 2011)

	Non-consolidated	Consolidated		Total
		Five area franchisers total	99 ICHIBA	
Total store sales (¥ million)	855,010	57,600	10,574	923,185
Year-on-year (y-o-y) change (%)	0.3	45.9	(1.0)	2.3
Y-o-y change in existing store sales (%)	(1.4)	-	-	-
Average product markup (%)	27.69	-	-	-
Stores opened	301	22	2	325
Stores closed	258	15	9	282
Total stores at period-end	5,001	383	61	5,445

*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.

On the store operations front, Circle K Sunkus bolstered its activities, giving top priority to enhancing customer satisfaction and boosting franchisee earnings. In an effort to broaden the scope of assistance to franchisees, a new budget for supervisor-franchisee sales promotion expenses was established to bolster sales initiatives in line with actual conditions at each individual store. In addition, Circle K Sunkus held franchisee forums at 44 locations nationwide to promote direct dialogue between franchisees and management. The various views the franchisees expressed in these forums were translated into speedy business reforms.

On the store development front, Circle K Sunkus strove to improve the earnings power of its stores. This entailed reducing rents and construction expenses, as well as boosting the average daily sales of new stores. In certain regions, store operation divisions and store development divisions were integrated into a unified regional Store Development & Operations Division in order to upgrade coordination on store relocations, multi-store franchise agreements and so forth. Furthermore, Circle K Sunkus began opening tie-up stores with cocokara fine HOLDINGS Inc., a drugstore chain operator, as part of a business partnership between the two companies. As a result, Circle K Sunkus had a total of 5,445 stores (including 61 99 ICHIBA stores) as of February 28, 2011, representing a net increase year on year of 43 stores. New stores numbered 325 (including 2 99 ICHIBA stores) while 282 stores were closed (including 9 99 ICHIBA stores). In addition, the total number of stores for the entire Circle K Sunkus group, including non-consolidated area franchisers, was 6,335.

On the product development front, Circle K Sunkus sought to develop products and retailing spaces that match customers' increasingly diverse lifestyles. The Company aggressively launched television commercials to boost sales of key products; namely the Oishii Soup & Soup Gohan (Rice in Soup) series of soup dishes, rubetta series of pasta dishes and the Cherie Dolce dessert selection. In October 2010, a massive campaign commemorating the 30th anniversary of the first Circle K and Sunkus stores in Japan was launched. In the Cherie Dolce series in particular, Tenshi no Cheese Cake (Angel's Cheese Cake) went on to sell around 3 million servings in the first month after launch, making it the biggest hit in the history of the Company's dessert offerings. Circle K Sunkus strengthened the rice dish category by increasing dishes in the intermediate price range of around ¥500, in addition to enhancing value-priced and premium-range lineups. These actions led to improvements in both unit sales prices and gross profit margins.

On the service development front, Circle K Sunkus strove to increase customer convenience by broadening the array of payment methods centered on electronic money formats that various transportation companies offer; including Suica cards offered by East Japan Railway Company (JR East). In addition, in order to encourage electronic money users to join the in-house KARUWAZA CLUBKARUWAZA CLUB, Circle K Sunkus developed deeper ties with membership organizations of partner companies through improved incentive-point exchange programs and other means. Those efforts helped raise membership in KARUWAZA CLUBKARUWAZA CLUB to more than a million customers by February 28, 2011. In February 2011, the Company launched Omise de Tsuuhan, a new type of online shopping service that enables users to perform all transaction steps, from ordering, payment and receipt of merchandise, on in-store KARUWAZA STATION multimedia terminals.

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 drives, emergency relief efforts in response to major disasters, and NPO support activities. As part of its response to a graying society, Circle K Sunkus has been encouraging employees and franchisees to attend training sessions for supporters of patients with dementia, as an advocate of the Ministry of Health, Labour and Welfare's Nationwide Caravan to Train 1 Million Dementia Supporters. As of the year ended February 28, 2011, more than 2,100 Circle K Sunkus franchisees and employees had completed the training session.

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 Green Fund and Japan UNICEF in each respective collection period. KARUWAZA CLUB incentive points can also be exchanged to make donations toward these funds.

Examples of emergency relief activities in response to major disasters in the fiscal year ended February 28, 2011 included emergency fundraising drives at all stores in response to a foot-mouth-disease pandemic among cattle in Miyazaki Prefecture, heavy rain in the Amami region of Kagoshima Prefecture, and the major earthquake in the South Island of New Zealand. Circle K Sunkus signed an agreement with two cities and two prefectures on providing emergency relief supplies in the event of a natural disaster. The Company also signed an agreement with three prefectures to provide 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 schools and provides educational assistance mainly in Cambodia. Circle K Sunkus has continuously supported JHP since the fiscal year ended February 28, 2004, and has assisted in the construction of 15 buildings for 8 elementary and junior high schools through February 28, 2011. Currently, approximately 7,600 students are studying at these schools. Circle K Sunkus also made a donation to NPO Family House, which provides affordable lodging for children from all over Japan who are battling serious illnesses such as cancer and their families.

Circle K Sunkus continuously strives to bolster its environmental activities, focusing on waste recycling, conserving energy to reduce CO2 emissions and reducing the usage of plastic shopping bags in stores. In waste recycling, 14 stores in Aichi Prefecture currently participate in the UNY Group's food waste recycling loop program, a recycling business project based on the Food Recycling Act. As for activities conserving energy to reduce CO2 emissions, starting in the year ended February 28, 2011, Circle K

Sunkus set a goal to reduce the volume of CO2 emitted from each of its stores by 8% by the fiscal year ending February 28, 2015, compared to the fiscal year ended February 28, 2008. The Company began introducing energy-saving facilities and equipment such as LED lighting and dimmers for adjusting the brightness of sales floor lighting, as well as reducing the number fluorescent light tubes installed in stores. In addition, the Company opened a new energy-efficient, eco-friendly store in the Okatsukoku district of Atsugi, Kanagawa Prefecture. This new store features a cutting-edge, high-output solar power generation system as well as a fluorocarbon-free freezer that operates on CO2 refrigerant. Data on these various energy-saving facilities and equipment will be collected and used as the basis for installing them in stores in the future.

[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, 2011, ZERO NETWORKS recorded total operating revenues of ¥5,844 million, up 4.7% year on year. As of February 28, 2011, there were a total of 2,622 Zero Bank ATMs and 1,592 Bank Time ATMs.

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

[Outlook for the Fiscal Year Ending February 29, 2012]

In the fiscal year ending February 29, 2012, despite uncertainty surrounding foreign exchange rates, crude oil prices and inflationary pressures on food and consumer prices, the Japanese economy is expected to continue recovering, underpinned by increases in export-driven corporate earnings and wages, and capital investments. Personal consumption is expected to strengthen in step with improvements in employment and wage conditions.

The convenience store industry is expected to see an upturn in the ready-made meal sector, which includes rice dishes and delicatessen items, as well as a rise in cigarette sales stemming from the tax hike. However, intense competition will continue to cloud prospects for generating higher earnings. Amid this climate, Circle K Sunkus will strive to cut its Head Office costs further and implement measures to help franchisees improve their profits, so both Head Office and franchisees can expand earnings.

In this context, Circle K Sunkus' management policy for the year ending February 29, 2012 will be Rethink and Reform Everything and Put Innovation Into Action. The new fiscal year will mark the beginning of a drive to create new convenience stores. It will be a year the Company takes stride to review and reform various business systems, including the past system of franchise contracts, in adapting to a new era.

In regard to the new organizational structure for the fiscal year ending February 29, 2012, the Company merged its store operations divisions and store development divisions throughout Japan to introduce a system based on a Store Development & Operations Division in their place. This was done to raise the level of coordination between the functions these once separate divisions served. Each regional Store Development & Operations Division will establish a Regional Strategy Department to strengthen and speed up the administration of store rentals and leases, as well as assistance to franchisees in training their staff. For creating new convenience stores, the Company has established a Group Merchandise Planning Department under the Merchandising Division to strengthen the development of private label merchandise for the UNY Group. The Company has also established a Daily Delivered Food Department for bolstering the product lineup of fresh and perishable produce.

On the store operations front, initiatives for increasing customer footfall will be highest on the agenda of

Circle K Sunkus. To improve customer satisfaction, no effort will be spared creating product lineups and sales floors corresponding with customer needs. The Company will also aim to upgrade the basic sales skills of the franchise. To this end, efforts to educate franchisee staff will be stepped up to ensure their complete adherence to basic operating procedures, and to nurture personnel in charge of placing orders with the Head Office from among them. In addition, the Company will continue to allocate expenditure for supervisor-franchisee sales promotion aimed at bolstering sales initiatives in line with actual conditions at each individual store. Franchisee support will extend to sales promotion activities linked with commercials aired nationwide. In order to cope with an increase in the number of franchisee contract expirations and to raise the ratio of contract renewals, franchisees finishing their contracts will be offered a 0.5 percentage point reduction in royalty payments as a special incentive. At the same time, the number of Company-owned stores will be reduced to cut related costs.

On the product development front, Circle K Sunkus will strengthen its delicatessen lineup as part of a merchandizing effort designed to accommodate older customers. More affordably priced delicatessen items in high demand among older customers will be offered as appetizers and main dishes. The lineup will also be extended to include the UNY Group's StyleONE private-label offerings of delicatessen items with longer shelf lives. On top of that, Circle K Sunkus will continue to reinforce its distinctive dessert, pasta and soup dish selections. The Company aims to derive synergies in combination with sales promotions tied to nationwide TV commercials. Furthermore, mini-sized packages of sushi and noodle dishes, priced inexpensively to encourage customers to purchase them along with other dishes, will be launched with the aim of lifting average customer transaction. In each category, the Company will work to improve logistics costs and efficiency by reviewing delivery frequencies and time frames.

In service development, Circle K Sunkus will seek to further enhance the convenience of its Omise de Tsuuhan online shopping service run on the Karuwaza Station in-house multimedia terminals. In this way, the Company will upgrade its service whereby it handles courier deliveries for customers. In addition, Circle K Sunkus will launch its own online shopping portal, KARUWAZA ONLINE, through subsidiary TOKI-MEKI.COM Co., Ltd. in April 2011. All of these measures should increase fee and commission income for franchisees. Furthermore, by offering exclusive merchandise and incentive points to the more than 1 million KARUWAZA CLUB members, the Company hopes to induce members to visit stores and shop more with Circle K Sunkus.

Store Operating Performance Forecasts (March 1, 2011 to February 29, 2012)

	Non-consolidated	Consolidated		Total
		Six area franchisers total	99 ICHIBA	
Total store sales (¥ million)	877,590	69,574	10,826	957,990
Year-on-year (YoY) change (%)	+2.6	+20.8	+2.4	+3.8
YoY change in existing store sales (%)	+0.5	-	-	-
Average product markup (%)	27.74	-	-	-
Stores opened	315	37	5	357
Stores closed	255	20	2	277
Total stores at period-end	5,061	470	64	5,595

*The above "Six 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., Sunkus Hokuria Co., Ltd., and Sunkus Higashi-Saitama Co., Ltd.

For the fiscal year ending February 28, 2012, Circle K Sunkus is forecasting total operating revenues of ¥18,879 million on a consolidated basis, a decrease of 1.8% year on year. On the earnings front, Circle K Sunkus is projecting consolidated operating income of ¥18,400 million, down 0.9% year on year, recurring profit of ¥17,500 million, up 0.1% year on year, and net income of ¥4,780 million, down 33.3% year on year.

The impact of the earthquake and tsunami on March 11, 2011 in northeastern Japan remains unclear at this stage, and has therefore not been reflected in earnings forecasts. The extent of damage and its impact on forecast business performance and financial position of Circle K Sunkus will be disclosed as soon as they become apparent.

(2) Financial Position

(Assets, Liabilities and Net Assets)

As of February 28, 2011, total assets were ¥240,027 million on a consolidated basis, ¥15,183 million higher than February 28, 2010.

Total liabilities stood at ¥103,355 million, up ¥11,343 million from a year earlier.

Meanwhile, net assets increased ¥3,840 million from February 28, 2010 to ¥136,672 million.

As a result, the equity ratio was 56.9% as of February 28, 2011.

(Cash Flows)

In the year ended February 28, 2011, operating activities provided net cash of ¥2,732 million, 71.5% more than in the previous fiscal year. The main contributors were income before income taxes and minority interests of ¥13,254 million, 22.9% more than in the previous year; and an increase in money held as agent of ¥1,493 million, up 32.3%, for payment of utility and other bills and the acceptance of electronic money formats offered by various transportation companies.

Net cash used in investing activities was ¥8,323 million, down 23.6% in comparison to the previous fiscal year. Cash was used mainly for payments of ¥12,765 million, 6.4% less year on year, for property and equipment, chiefly to open new stores and improve the functions of existing ones. Other uses included ¥2,160 million for acquisition of intangible fixed assets and long-term prepaid expenses, 36.6% less year on year, mainly for software development of a settlement system for electronic money offered by various transportation companies; and payment of ¥2,122 million for the payment of long-term leasehold deposits, down 14.6%.

Net cash used in financing activities was ¥6,540 million, up 41.2% year on year. This reflected dividends paid of ¥3,350 million, mostly unchanged from the previous year, and the repayment of ¥1,852 million in lease obligations, up 107.3% year on year.

As of February 28, 2011, cash and cash equivalents were ¥75,938 million, up ¥12,438 million, or 19.6%, from the end of the previous fiscal year.

(Reference: Cash Flow-related Indices)

	FY2009/2	FY2010/2	FY2011/2
Equity ratio (%)	58.8	59.1	56.9
Equity ratio using fair value (%)	56.9	41.5	48.1
Ratio of cash flow to interest-bearing debt (%)	7.8	57.5	42.9
Interest coverage ratio (times)	16,603.8	107.9	112.6

(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 2011 Fiscal Year and February 2012 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 2011 fiscal year. In addition, Circle K Sunkus plans to pay an annual dividend of ¥40 per share for February 2012 fiscal year.

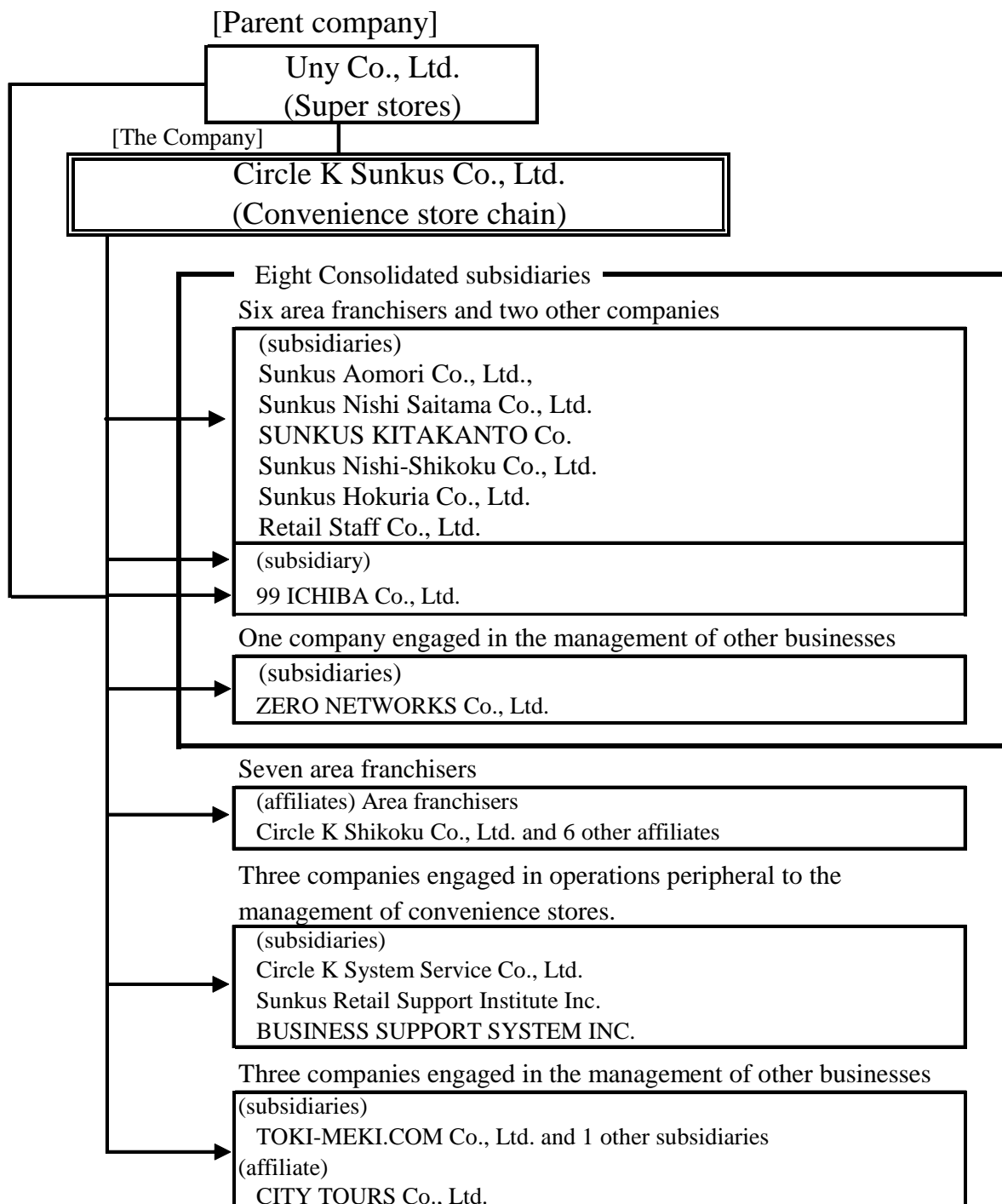
Retained earnings will be earmarked for investments related to store information systems, and for investments in developing new stores, revitalizing existing ones, and procuring product displays and other equipment for new products.

(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 27, 2010), 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 8 consolidated subsidiaries—Sunkus Aomori Co., Ltd., Sunkus Nishi-Saitama Co., Ltd., SUNKUS KITAKANTO Co., Ltd., Sunkus Nishi-Shikoku Co., Ltd., Sunkus Hokuria Co., Ltd., 99 ICHIBA Co., Ltd., Retail Staff Co., Ltd. and ZERO NETWORKS Co., Ltd. We also have 5 other subsidiaries and 8 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, 2011. 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 of convenience stores that accommodate older customers (middle-aged and elderly customers), Circle K Sunkus is committed to offering truly exciting (WAKU WAKU) and enjoyable products and convenient services. The overarching goal is for all stores in the franchise to become the consumer’s convenience store of choice.

(2) Management Targets

Circle K Sunkus is basically a franchise business. The mission franchisees and Head Office share in common in this business is enhancing customer satisfaction. And through the division of roles and responsibilities the two strive to maximize profits. In this context, the Company's most important performance indicators are average daily sales, year-on-year change in existing store sales, year-on-year change in average customers per day and average product markup, as well as ROI with regard to enhancing investment efficiency in new stores. Another priority is to improve ROE and shareholder value by efficiently using shareholders’ equity.

(3) Medium-term Management Strategy

1) Business Environment and Strategic Goals

[Convenience Store Market Awareness]

In the convenience store industry, larger companies are expected to rapidly outdistance medium-sized and smaller ones and capture dominant market shares. Furthermore, as Japan’s aging population and declining birthrate lead to a smaller population and changing social structure, the main customer base of convenience stores is shifting from younger customers to middle-aged and elderly customers. This means that Circle K Sunkus will need to satisfy new types of customer needs going forward. Merchandise lineups and store formats as they stand now have limited growth potential. The Company, therefore, sees an urgent need to create new types of convenience stores in order to break free of a market logjam.

[Circle K Sunkus’ Direction]

Against this backdrop, Circle K Sunkus aims to develop convenience stores that accommodate older customers (middle-aged and elderly customers). From this standpoint, the Company will make inroads in the online shopping business and will expand services whereby it takes custody of courier deliveries for customers. This should enable Circle K Sunkus to provide nursing care products and other merchandise that has until now been unavailable in convenience stores. Additionally, the Company is eyeing provision of a meals-on-wheels service that takes advantage of the Internet.

The graying society is expected to see increasing demands for supermarket-type convenience stores. Circle K Sunkus will expand store formats emphasizing fresh produce and daily delivered foods, as well

as develop hybrid stores in partnership with drugstores, restaurants and other types of businesses. The Company also believes there is considerable potential for opening stores in captive retail areas such as train station concourses, hospitals and factories. Circle K Sunkus will step up opening mini-stores with minimal capital investment and operating costs in these tight spaces, which it passed up previously as they were not suited to conventional convenience store formats and franchise packages. In addition, in an effort to expand its store network, Circle K Sunkus will promote equity-based business alliances with other companies within Japan, as well as consider opening stores overseas, mainly in fast-growing emerging markets.

2) Main Business Strategies

- The Company plans to Rethink and Reform all aspects of its operations to position itself for the future, in recognition that the keystones to a franchise business are effective contracts, systems and education.
- The Company plans to invest significantly in bolstering sales capabilities and assisting franchisees while maintaining a sound financial position (offensive management).
- The Company plans to enhance profitability and capital efficiency through rigorous implementation of low-cost operations and the pursuit of greater cost benefits (defensive management).
- The Company plans to build a relationship of co-dependence and co-prosperity with franchisees. This is in recognition that the success of a Head Office in a franchise business depends on franchisees, and ultimately on customers. Circle K Sunkus will enhance the level of customer service and optimize product lineups of the franchise to become the consumer's convenience store of choice. At the same time, the Company will emphasize direct communication between franchisees and management, and promptly translate franchisee views into business reforms.
- The Company aims to improve the profitability of unprofitable stores and regions by stepping up relocations, while investing more in new stores in profitable regions, to raise the quality of the chain as a whole in terms of average daily sales.
- The Company plans to meet new market demands by developing new business models and store formats, including formats emphasizing fresh produce and daily delivered foods, or fast foods.
- The Company aims to develop private label products that tap into the UNY Group's collective product development and procurement capabilities. To which in addition It also aims to strengthen its lineup of original products and locally produced, locally consumed foods to help distinguish the Circle K Sunkus chain, and offer merchandise lineups on a store-by-store basis that cater to location and customer characteristics.
- Circle K Sunkus will conduct management focused on compliance by refining its internal control system and corporate governance structure.
- The Company plans to upgrade environmental and social contribution activities such as conserving energy, reducing plastic shopping bag usage, and recycling food.

(4) Issues to Be Addressed

1) Address Earnings and Cost Structure Changes

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.

2) Strengthen Store Operations

Increasing customer footfall is high on the agenda for Circle K Sunkus. To improve customer satisfaction, no effort will be spared creating product lineups and sales floors corresponding with customer needs. The Company will also aim to upgrade basic sales skills. To this end, efforts to educate franchisee staff will be stepped up to ensure their complete adherence to basic operating procedures, and to develop personnel in charge of placing orders. Head Office costs will be rigorously reduced and greater support will be extended to franchisees, with the aim of strengthening store operations and improving franchisee profits. The overarching aim is to increase earnings at both the Head Office and franchisees. To cope with an increase in franchisee contract expirations in the medium term, special incentives aimed at raising the ratio of contract renewals will be introduced.

3) Bolster Store Development

Circle K Sunkus gives top priority to enhancing new store investment efficiency, with an emphasis on ROI as the performance indicator. Every effort will be made to research markets and key demographics before opening stores to improve new store daily sales. Concurrently, the Company will reduce store rents and construction costs. Together, these actions should elevate store earnings power and enable the Company to recover its investments.

4) Strengthen Product and Service Development

Circle K Sunkus will further enhance and develop original products that raise its distinctiveness, while embracing the challenge of developing new products and sales methods that better cater to the location of each store and customer needs. Furthermore, Circle K Sunkus will further develop private label products that tap into the UNY Group's collective product development and procurement capabilities. By offering a balanced product lineup featuring both high-quality, value-added products and affordably priced products, Circle K Sunkus will stay on top of increasing bipolarization of consumer needs. The Company will also develop and roll out new services as a means of attracting more customers to its stores. And the Company will explore new possibilities for services. This includes expanding content in its KARUWAZA STATION in-store multimedia terminals, and making inroads into the online shopping business linked to its in-house KARUWAZA CLUB.

5) Fulfill Corporate Social Responsibility

In response to growing public interest in corporate social responsibility (CSR), Circle K Sunkus will establish a management framework grounded on compliance by refining its internal control system. The company will strive to incorporate a CSR perspective in business management, including various social contribution activities and initiatives that help address environmental issues.

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, 2010)	Current fiscal year (As of February 28, 2011)
(ASSETS)		
Current assets		
Cash and cash equivalents	61,475	68,932
Due from franchised stores	3,496	3,037
Marketable securities	5,024	7,027
Merchandise	1,954	1,799
Supplies	35	44
Prepaid expenses	3,879	3,982
Deferred tax assets	646	1,327
Other accounts receivable	8,079	11,345
Other current assets	5,556	8,266
Allowance for doubtful accounts	(227)	(191)
Total current assets	89,919	105,571
Fixed assets		
Property and equipment		
Buildings and structures (net)	35,588	37,207
Equipment	7	5
Furniture and fixtures (net)	4,397	3,611
Land	8,399	8,295
Leased assets (net)	11,549	18,892
Construction in progress	127	119
Total property and equipment	60,068	68,133
Intangible fixed assets		
Software	8,236	6,643
Software development in progress	48	279
Other intangible fixed assets	3,491	3,531
Total intangible fixed assets	11,776	11,223
Investments and other assets		
Investment securities	4,008	2,523
Deferred tax assets	3,397	3,148
Long-term leasehold deposits	49,323	43,569
Other investments	7,599	6,796
Allowance for doubtful accounts	(1,251)	(939)
Total investments and other assets	63,078	55,099
Total fixed assets	134,923	134,455
Total assets	224,843	240,027

(Millions of yen)

	Previous fiscal year (As of February 28, 2010)	Current fiscal year (As of February 28, 2011)
(LIABILITIES)		
Current liabilities		
Trade payables	32,779	33,706
Due to franchised stores	1,901	2,244
Lease obligations	1,287	2,258
Other accounts payable	6,295	6,464
Income taxes payable	841	4,342
Money held as agent	25,876	27,561
Accrued employees' bonuses	805	1,448
Accrued directors' and corporate auditors' bonuses	26	53
Allowance for incentive points	46	122
Other current liabilities	2,097	3,330
Total current liabilities	71,956	81,533
Long-term liabilities		
Lease obligations	6,061	9,030
Allowance for employees' retirement benefit liability	308	70
Long-term guarantee deposits received	10,822	10,160
Long-term allowance for impairment loss on leased assets	775	995
Other long-term liabilities	2,087	1,564
Total long-term liabilities	20,055	21,821
Total liabilities	92,011	103,355
(NET ASSETS)		
Shareholder's equity		
Common stock	8,380	8,380
Capital surplus	36,092	36,092
Retained earnings	92,923	96,738
Less, treasury stock, at cost	(5,030)	(5,032)
Total shareholders' equity	132,366	136,179
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities	465	493
Total unrealized gains or losses and translation differences, etc.	465	493
Total equity	132,831	136,672
Total liabilities and net assets	224,843	240,027

(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, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
Operating revenues	111,036	114,925
Franchise commissions from franchised stores	98,932	102,765
Other revenues	12,103	12,160
Net sales of company-owned stores	83,106	77,378
Total operating revenues	194,142	192,304
Cost of goods sold	64,359	59,184
Operating gross profit	129,782	133,120
Selling, general and administrative expenses	114,583	114,548
Commission fees	5,473	4,130
Advertising and promotion expenses	7,107	7,038
Provision to the allowance for incentive points	43	204
Supply expenses	1,931	1,928
Remuneration for directors and corporate auditors	279	283
Employees' salaries and bonuses	16,848	16,454
Provision for bonuses	805	1,448
Accrued bonuses for directors and corporate auditors	26	53
Provision of allowance for employees' retirement benefit	963	866
Statutory employee benefit and welfare expenses	3,269	3,312
Store leasing expenses	42,888	44,185
Store equipment leasing expenses	7,412	6,491
Depreciation and amortization	10,372	11,678
Water, electricity and heating expenses	2,011	1,760
Office processing expenses	5,605	5,120
Provision to allowance for doubtful accounts	-	33
Amortization of goodwill	-	85
Other selling general and administrative expenses	9,545	9,469
Operating income	15,199	18,571
Non-operating income	1,099	901
Interest income	549	458
Dividend income	90	89
Gain on investment in equity-method affiliates	66	-
Compensation income	265	196
Other non-operating income	127	158
Non-operating expenses	1,691	1,996
Interest expenses	185	270
Lease contract cancellation expenses	1,446	1,528
Other non-operating expenses	59	197
Recurring profit	14,607	17,477

(Millions of yen)

	Previous fiscal year (From March 1, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
Extraordinary gains	147	92
Gain on prior-year adjustment	27	-
Gain on sales of property and equipment	100	58
Gain on sales of investment in securities	-	34
Reversal of allowance for doubtful accounts	20	-
Extraordinary losses	3,974	4,315
Loss on disposal of property and equipment	323	265
Valuation loss on investments in securities	3	427
Loss on cancellation of store lease	56	6
Impairment loss on fixed assets	3,528	3,518
Other extraordinary losses	62	97
Income before income taxes	10,780	13,254
Income taxes-current	4,695	6,539
Income taxes-deferred	530	(450)
Total Income taxes	5,226	6,088
Net income	5,554	7,165

(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, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
Shareholder's equity		
Common stock		
Balance at February 28, 2010	8,380	8,380
Changes during the period		
Total	-	-
Balance at February 28, 2011	8,380	8,380
Capital surplus		
Balance at February 28, 2010	36,093	36,092
Changes during the period		
Net change in treasury stock	(0)	(0)
Total	(0)	(0)
Balance at February 28, 2011	36,092	36,092
Retained earnings		
Balance at February 28, 2010	90,721	92,923
Changes during the period		
Cash dividends	(3,350)	(3,350)
Net income	5,554	7,165
Increase in consolidated subsidiaries	(2)	-
Total	2,201	3,815
Balance at February 28, 2011	92,923	96,738
Treasury stock		
Balance at February 28, 2010	(5,028)	(5,030)
Changes during the period		
Net change in treasury stock	(3)	(2)
Cancellation of treasury stock	1	0
Total	(2)	(1)
Balance at February 28, 2011	(5,030)	(5,032)
Total share-holders' equity		
Balance at February 28, 2010	130,166	132,366
Changes during the period		
Cash dividends	(3,350)	(3,350)
Net income	5,554	7,165
Net change in treasury stock	(3)	(2)
Cancellation of treasury stock	0	0
Increase in consolidated subsidiaries	(2)	-
Total	2,199	3,813
Balance at February 28, 2011	132,366	136,179

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

(Millions of yen)

	Previous fiscal year (From March 1, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities		
Balance at February 28, 2010	489	465
Changes during the period		
Changes in items other than shareholders' equity (net)	(23)	27
Total	(23)	27
Balance at February 28, 2011	465	493
Total of Unrealized gains or losses and translation differences, etc.		
Balance at February 28, 2010	489	465
Changes during the period		
Changes in items other than shareholders' equity (net)	(23)	27
Total	(23)	27
Balance at February 28, 2011	465	493
Total equity		
Balance at February 28, 2010	130,656	132,831
Changes during the period		
Cash dividends	(3,350)	(3,350)
Net income	5,554	7,165
Net change in treasury stock	(3)	(2)
Cancellation of treasury stock	0	0
Increase in consolidated subsidiaries	(2)	-
Changes in items other than shareholders' equity (net)	(23)	27
Total	2,175	3,840
Balance at February 28, 2011	132,831	136,672

(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, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
	Amount	Amount
1. Cash flows from operating activities:		
Income before income taxes	10,780	13,254
Depreciation and amortization	11,051	12,375
Impairment loss on fixed assets	3,528	3,518
Amortization of goodwill	-	85
Loss on write-down of investment securities	3	427
Gain on sale of investments in securities	-	(34)
Loss on sale or disposal of property and equipment	222	207
(Decrease) increase in allowance for doubtful accounts	(353)	(357)
Increase (decrease) in accrued bonuses to employees	(20)	627
Increase in accrued bonuses to directors	(11)	27
(Decrease) increase in employee retirement benefit liability	(66)	(264)
Interest and cash dividends income	(640)	(547)
Interest expenses	185	270
Equity-method investment income	(66)	-
(Increase) decrease in trade receivable	(331)	(2,862)
Decrease (increase) in inventories	505	245
(Decrease) increase in trade and due to franchised stores payable	(1,639)	414
Decrease in other accounts payable and accrued expenses	(845)	164
(Decrease) increase in money held as agent	1,129	1,493
Lease contract cancellation expenses	729	780
Other	(71)	571
Sub-total	24,090	30,399
Interest and dividends received	359	302
Interest paid	(147)	(242)
Income taxes paid	(8,380)	(2,997)
Net cash provided by operating activities	15,921	27,461

(millions of yen)

	Previous fiscal year (From March 1, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
	Amount	Amount
2. Cash flows from investing activities:		
Payments for time deposits	-	(1,046)
Proceeds from repayment of time deposits	100	1,062
Decrease in marketable securities	(15,000)	-
Increase in marketable securities	18,000	3,000
Increase in property and equipment	(13,635)	(12,765)
Decrease in property and equipment	362	184
Increase in intangible fixed assets and long-term prepaid expenses	(3,408)	(2,319)
Increase in investment securities	(230)	(105)
Decrease in investment securities	1,000	1,034
Increase in cash through acquisition of a consolidated subsidiary	-	28
Proceeds from long-term advances received	244	35
Increase in loans receivable	(1,957)	(2,516)
Collection of loans receivable	1,376	2,053
Increase in long-term leasehold deposits	(2,484)	(2,122)
Collection of fixed leasehold deposits	4,732	4,782
Other	5	211
Net cash used in investing activities	(10,895)	(8,481)
3. Cash flows from financing activities:		
Repayment of lease obligations	(893)	(1,852)
Repayment of long-term debt	-	(660)
Increase in treasury stock	(3)	(2)
Dividends paid	(3,349)	(3,350)
Increase in guarantee deposits received	735	381
Decrease in guarantee deposits received	(1,120)	(1,057)
Other	0	0
Net cash used in financing activities	(4,631)	(6,540)
4. Net (decrease) increase in cash and cash equivalents	394	12,438
5. Cash and cash equivalents at beginning of year	62,916	63,499
6. Increase in cash and cash equivalents upon inclusion of additional subsidiaries on consolidation	188	-
7. Cash and cash equivalents, end of the year	63,499	75,938

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, 2010)	Current fiscal year (As of February 28, 2011)
(ASSETS)		
Current assets		
Cash and cash equivalents	57,306	64,996
Due from franchised stores	3,279	2,802
Marketable securities	5,024	7,027
Merchandise	1,560	1,354
Supplies	34	44
Prepaid expenses	3,680	3,723
Deferred tax assets	638	1,291
Accrued income	77	83
Short-term loans receivable	19	21
Short-term loans receivable for affiliated company	4,630	3,087
Other accounts receivable	8,845	13,356
Long-term leasehold deposits collectible within one year	3,576	6,284
Other current assets	124	130
Allowance for doubtful accounts	(915)	(1,101)
Total current assets	87,882	103,102
Fixed assets		
Property and equipment		
Buildings and structures (net)	26,539	26,889
Structures (net)	6,430	6,626
Machinery and equipment (net)	4	3
Automotive equipment (net)	2	1
Furniture and fixtures (net)	4,183	3,408
Land	8,366	8,208
Leased assets (net)	10,672	16,824
Construction in progress	106	114
Total property and equipment	56,305	62,076
Intangible fixed assets		
Right of leasehold	2,475	2,489
Right of trademarks	7	5
Software	8,211	6,601
Software development in progress	48	279
Right of rented house leasehold	487	498
Right of telephone	424	382
Other intangible fixed assets	33	32
Total intangible fixed assets	11,688	10,290
Investments and other assets		
Investment securities	3,031	2,080
Investment in affiliated company	2,464	3,367
Investments	2	2
Long-term loans receivable	272	196
Long-term loans receivable for affiliated company	1,602	2,249
Receivables in bankruptcy or reorganization	650	405
Long-term prepaid expenses	5,276	4,957
Deferred tax assets	3,397	3,131
Leasehold deposits	46,922	40,794
Store leases in process	719	517
Other investments	281	197
Allowance for doubtful accounts	(2,365)	(2,559)
Total investments and other assets	62,257	55,341
Total fixed assets	130,251	127,708
Total assets	218,133	230,811

(Millions of yen)

	Previous fiscal year (As of February 28, 2010)	Current fiscal year (As of February 28, 2011)
(LIABILITIES)		
Current liabilities		
Trade payables	30,517	30,981
Due to franchised stores	1,749	1,912
Lease obligations	1,195	1,951
Other accounts payable	5,154	5,220
Accrued expenses	766	834
Income taxes payable	698	4,116
Consumption taxes payable	27	757
Money held as agent	24,850	26,098
Income in advance	473	445
Allowance for bonuses to employees	744	1,369
Allowance for bonuses to directors	26	46
Allowance for incentive points	46	122
Guarantee deposits refundable within one year	601	934
Other current liabilities	2	51
Total current liabilities	66,854	74,841
Long-term liabilities		
Lease obligations	5,632	7,869
Allowance for employees' retirement benefit liability	275	-
Guarantee deposits received	10,577	9,786
Long-term income in advance	2,019	1,471
Allowance for impairment loss on leased assets	657	774
Other long-term liabilities	27	27
Total long-term liabilities	19,190	19,928
Total liabilities	86,045	94,770
(NET ASSETS)		
Shareholder's equity		
Common stock	8,380	8,380
Capital surplus	36,092	36,092
Retained earnings	92,179	96,107
Less, treasury stock, at cost	(5,030)	(5,032)
Total shareholders' equity	131,622	135,547
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities	466	492
Total unrealized gains or losses and translation differences, etc.	466	492
Total equity	132,088	136,040
Total liabilities and net assets	218,133	230,811

(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 1,2009 to February 28, 2010)	Current fiscal year (From March 1,2010 to February 28, 2011)
Operating revenues	107,489	109,764
Franchise commissions from franchised stores	95,504	97,743
Other revenues	11,984	12,020
Net sales of company-owned stores	62,063	53,488
Total operating revenues	169,552	163,253
Cost of goods sold	46,808	40,146
Operating gross profit	14,703	13,135
Selling, general and administrative expenses	106,795	104,584
Commission fees	5,389	4,047
Advertising and promotion expenses	6,453	6,092
Provision to the allowance for incentive points	43	204
Supply expenses	1,646	1,616
Remuneration for directors and corporate auditors	174	164
Employees' salaries and bonuses	14,311	13,540
Provision for bonuses	744	1,369
Accrued bonuses for directors and corporate auditors	26	46
Provision for allowance for employees' retirement benefit	948	837
Statutory employee benefit and welfare expenses	3,055	3,025
Store leasing expenses	40,789	41,481
Store equipment leasing expenses	6,863	5,833
Depreciation and amortization	9,888	10,910
Water, electricity and heating expenses	1,718	1,422
Office processing expenses	5,897	5,303
Provision to the allowance for doubtful accounts	-	36
Other selling, general and administrative expenses	8,846	8,599
Operating income	15,397	18,315
Non-operating income	1,041	1,020
Non-operating expenses	2,478	2,447
Recurring profit	13,959	16,888
Extraordinary gains	177	87
Extraordinary losses	3,996	3,861
Income before income taxes	10,140	13,113
Income taxes-current	4,510	6,240
Income taxes-deferred	538	(404)
Total Income taxes	5,048	5,835
Net income	5,091	7,277

(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, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
Shareholder's equity		
Common stock		
Balance at February 28, 2010	8,380	8,380
Changes during the period		
Total	-	-
Balance at February 28, 2011	8,380	8,380
Capital surplus		
Additional paid-in capital		
Balance at February 28, 2010	36,090	36,090
Changes during the period		
Total	-	-
Balance at February 28, 2011	36,090	36,090
Other capital surplus		
Balance at February 28, 2010	2	2
Changes during the period		
Cancellation of treasury stock	(0)	(0)
Total	(0)	(0)
Balance at February 28, 2011	2	2
Total of Capital surplus		
Balance at February 28, 2010	36,093	36,092
Changes during the period		
Cancellation of treasury stock	(0)	(0)
Total	(0)	(0)
Balance at February 28, 2011	36,092	36,092
Retained earnings		
Legal reserve		
Balance at February 28, 2010	687	687
Changes during the period		
Total	-	-
Balance at February 28, 2011	687	687
Other retained earnings		
General reserve		
Balance at February 28, 2010	79,721	84,721
Changes during the period		
General reserve	5,000	3,000
Total	5,000	3,000
Balance at February 28, 2011	84,721	87,721

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

(Millions of yen)

	Previous fiscal year (From March 1, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
Retained earnings carried forward		
Balance at February 28, 2010	10,029	6,770
Changes during the period		
Dividends on retained earnings	(3,350)	(3,350)
Net income	5,091	7,277
General reserve	(5,000)	(3,000)
Total	(3,258)	927
Balance at February 28, 2011	6,770	7,698
Total of retained earnings		
Balance at February 28, 2010	90,438	92,179
Changes during the period		
Dividends on retained earnings	(3,350)	(3,350)
Net income	5,091	7,277
Total	1,741	3,927
Balance at February 28, 2011	92,179	96,107
Treasury stock		
Balance at February 28, 2010	(5,028)	(5,030)
Changes during the period		
Net change in treasury stock	(3)	(2)
Cancellation of treasury stock	1	0
Total	(2)	(1)
Balance at February 28, 2011	(5,030)	(5,032)
Total share-holders' equity		
Balance at February 28, 2010	129,883	131,622
Changes during the period		
Cash dividends	(3,350)	(3,350)
Net income	5,091	7,277
Net change in treasury stock	(3)	(2)
Cancellation of treasury stock	0	0
Total	1,738	3,925
Balance at February 29, 2011	131,622	135,547

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

(Millions of yen)

	Previous fiscal year (From March 1, 2009 to February 28, 2010)	Current fiscal year (From March 1, 2010 to February 28, 2011)
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities		
Balance at February 28, 2010	489	466
Changes during the period		
Changes in items other than shareholders' equity (net)	(23)	26
Total	(23)	26
Balance at February 28, 2011	466	492
Total of unrealized gains or losses and translation differences, etc.		
Balance at February 28, 2010	489	466
Changes during the period		
Changes in items other than shareholders' equity (net)	(23)	26
Total	(23)	26
Balance at February 28, 2011	466	492
Net assets		
Balance at February 28, 2010	130,373	132,088
Changes during the period		
Dividends on retained earnings	(3,350)	(3,350)
Net income	5,091	7,277
Net change in treasury stock	(3)	(2)
Cancellation of treasury stock	0	0
Changes in items other than shareholders' equity (net)	(23)	26
Total	1,714	3,952
Balance at February 28, 2011	132,088	136,040