

Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending February 29, 2012

Circle K Sunkus Co., Ltd.

Securities Code Number: 3337

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

Date of dividend payment: -

1. Consolidated Results for the Third Quarter of the Fiscal Year Ending February 29, 2012 (March 1, 2011 to November 30, 2011)

(1) Consolidated Operating Results

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

	Operating revenue		Operating income		Recurring profit	
	¥ Million	Change %	¥ Million	Change %	¥ Million	Change %
Current 3rd Quarter	145,587	(1.1)	19,841	18.6	19,548	21.3
Previous 3rd Quarter	147,223	(1.7)	16,727	23.6	16,111	22.8

	Net Income		Net income per share	Diluted net income per share
	¥ Million	Change %	Yen	Yen
Current 3rd Quarter	6,779	(5.1)	80.95	-
Previous 3rd Quarter	7,145	35.1	85.32	-

(Reference) Total store sales (¥ Million)

Current 3rd Quarter	744,188	(+6.7% year-on-year)
Previous 3rd Quarter	697,591	(+1.0% year-on-year)

(2) Consolidated Financial Position

	Total liabilities and equity	Total equity	Equity ratio	Total equity per share
	¥ Million	¥ Million	%	Yen
Current 3rd Quarter	256,428	140,028	54.6	1,671.94
Last fiscal Year	240,027	136,672	56.9	1,631.86

(Reference) Shareholders' equity (¥ Million)

Current 3rd Quarter	140,028	Last fiscal Year	136,672
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2. Dividends Status

Record date	Dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Fiscal year	Annual
FY2011/2	-	20.00	-	20.00	40.00
FY2012/2	-	20.00			
FY2012/2 (plan)			-	20.00	40.00

(Note) Revisions of dividends forecasts in the period under review : None

3. Forecast of Consolidated Results for the Year Ending February 29, 2012 (March 1, 2011 to February 29, 2012)

	Operating revenue		Operating income		Recurring profit		Net income		Net income per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
FY2012/2	188,320	(2.1)	18,700	0.7	18,000	3.0	5,500	(23.2)	65.67

(Note) 1. Revisions of consolidated business forecasts in the period under review : None

2. Percentages represent increase (decrease) from the corresponding period in the prior year.

4. Other

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

(2) Adoption of simplified accounting treatment and special accounting treatment : Yes

(3) Changes in accounting principles, procedures and presentation methods

1) Changes due to revision of accounting standards: None

2) Changes other than 1) : None

(4) Shares outstanding

1. Number of shares outstanding at end of period (Including treasury stock)	Current 3rd Quarter	86,183,226 shares
	Last fiscal Year	86,183,226 shares
2. Number of shares of treasury stock at end of period	Current 3rd Quarter	2,431,334 shares
	Last fiscal Year	2,430,976 shares
3. Average number of shares outstanding during period	Current 3rd Quarter	83,752,150 shares
	Previous 1st Half	83,753,328 shares

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

(Cautionary Statement Regarding Forward-looking Statements)

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

1. Qualitative Information and Financial Statements

(1) Qualitative Information Concerning Consolidated Operating Results

(Operating Results for the Third Quarter of the Fiscal Year Ending February 29, 2012)

During the first three quarters of the fiscal year ending February 29, 2012, the Japanese economy initially saw demand from efforts to recover from the Great East Japan Earthquake, mainly in the Tohoku region. That said, this economic trend began to slow significantly as the yen strengthened abruptly and Japanese stock prices continued to languish as a consequence of uncertainties in the financial markets emanating from the debt problems in Europe.

Amid this backdrop, Circle K Sunkus saw total consolidated operating revenues for the third quarter decrease 1.2% year on year, to ¥145,481 million. This result reflected mainly a decrease in sales from Company-owned stores due to a reduction in their number, despite higher franchise commissions from franchised stores. Operating income increased 18.6% year on year, to ¥19,841 million, thanks to an increase in operating gross profit, as well as a drop in selling, general and administrative expenses resulting from reduced costs related to Company-owned stores, among other expenses. Recurring profit increased 21.3%, to ¥19,548 million. However, because of ¥7,943 million in extraordinary losses mainly reflecting impairment loss on fixed assets, loss on asset retirement obligations and loss due to disaster, net income decreased 5.1% year on year to ¥6,779 million.

On a different note, Sunkus Higashi-Saitama Co., Ltd., an area franchiser of a chain of Sunkus stores in Saitama Prefecture, became a consolidated subsidiary of Circle K Sunkus Co., Ltd. in the third quarter of the fiscal year ending February 29, 2012.

The following is an overview by business segment.

[Convenience Store Business]

The first three quarters of the fiscal year saw a substantial year-on-year increase in existing store sales in areas affected by the March 11 disaster, mainly in the Tohoku region. Nationwide, tobacco sales continued to increase as a result of prices rising from a tax hike in October 2010. Sales remained brisk in mainstay original merchandise; such as ready-made fast foods and delicatessen items, desserts and countertop fast foods.

As a result of the foregoing, in the third quarter of the fiscal year ending February 29, 2012, existing store sales increased 4.0% year on year on a non-consolidated basis. Total store sales, which combines Circle K Sunkus Co., Ltd., six consolidated area franchisers and the 99 ICHIBA Co., Ltd., rose 6.7%, to ¥744,188 million.

The average product markup for Circle K Sunkus in the third quarter of the fiscal year was 27.21% on a non-consolidated basis, down 0.67% of a percentage point from the same period the year before. This was the result of a nominal sales increase in tobacco, a low-markup product category, which overshadowed what major margin improvements there were in each of the other product categories, including fast food and processed food.

[Monthly Sales Compared With the Previous Fiscal Year]

	First Half	September	October	November	Nine Months Total
Existing stores	+4.6%	(11.2%)	+16.4%	+6.6%	+4.0%
All stores	+5.9%	(9.9%)	+17.9%	+8.2%	+5.3%

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

On the store operations front, Circle K Sunkus launched nationwide broadcasts of television commercials as a measure to strengthen franchise store sales, and engaged in aggressive sales promotion activities. Also, in order to match product lineups and sales floor layouts rigorously with the characteristics of individual markets, the Group began a new set of initiatives involving layout proposals based on location type. Under these initiatives, Circle K Sunkus Group stores were categorized by their market demography into five location patterns, and the Company applied a different set of market assumptions tied to each pattern to diversify the sales floor layout and product lineup to each of its Group stores. In addition, the Company introduced an automated ordering system for general merchandise to the Group in an effort to prevent stock outages and opportunity losses.

On the product development front, to further strengthen its *Cherie Dolce* line of original desserts, the Group launched *Torokeru Nama Tiramisu* (Meltingly Fresh Tiramisu). At the same time, the Group continued to bolster its other original merchandise including ready-made pasta and soup dishes. To strengthen the countertop fast food category, the Group expanded its introduction of in-store fryers and freshly brewed coffee dispensers. In combination, the countertop product line was strengthened with *Yakitori* (grilled chicken skewers), which Group stores sell after applying the final grilling touches. Plans are to nurture *Yakitori* into a signature merchandise of Circle K Sunkus. The Group also enhanced its offering of the UNY Group's Style ONE private-label items. The result was strong sales centered on chilled delicatessen items with long shelf-lives.

On the service development front, the Group's launched its *KARUWAZA ONLINE* proprietary online shopping service with an eye to developing services that integrate the Internet with stores on the ground. As a result, customers can now use the Group's stores to receive their Internet shopping. This online service was also tied in with the incentive points that members of the Group's *KARUWAZA CLUB* can accumulate and use. Also, Circle K Sunkus began providing access to the nursing care product lineup of Toyota Tsusho Corporation via *Omise de Tsuhan*, a direct shopping service on the *KARUWAZA STATION* in-store multimedia terminals. In this way, Circle K Sunkus expanded its product lineup for senior citizens.

As of November 30, 2011, a total of 2,642 "Zero Bank" ATMs and 1,648 "Bank Time" ATMs were installed at Circle K and Sunkus stores, among other locations.

For a net sales breakdown by product category, refer to Net Sales by Product Category in the Convenience Store Business Segment on page 12.

On the store development front, Circle K Sunkus placed priority on improving the efficiency of new store investments. The Company began opening and developing stores under a new mini-store format with smaller capital investment overheads and narrower product lineups, serving limited-access markets within stations, factories and office buildings.

On the whole, Circle K Sunkus opened 243 stores (including 5 "Minna no Ichiba" stores) and closed 200 stores (including 3 "Minna no Ichiba" stores) during the first half, bringing the total number of stores as of November 30, 2011 to 5,558 (including 63 "Minna no Ichiba" stores), representing a net increase of 43 stores from February 28, 2011. In addition, the total number of stores for the entire Circle K Sunkus Group, including non-consolidated area franchisers, was 6,300

For details on store numbers as of November 30, 2011, refer to The Number of Stores in the Convenience Store Business Segment on page 13.

(2) Qualitative Information Concerning Consolidated Financial Position

(Assets)

Current assets amounted to ¥114,615 million, an increase of 8.6% from the previous fiscal year-end, mainly due to an increase in marketable securities.

Fixed assets amounted to ¥141,813 million, an increase of 5.5% from February 28, 2011, mainly due to an increase in leased assets.

As a result, total assets amounted to ¥256,428 million, an increase of 6.8% from the end of the previous fiscal year.

(Liabilities)

Current liabilities amounted to ¥86,276 million, an increase of 5.8% from February 28, 2011, mainly due to an increase in trade payables.

Long-term liabilities amounted to ¥30,123 million, an increase of 38.0% from February 28, 2011, mainly due to the recording of asset retirement obligations in line with the application of the "Accounting Standard for Asset Retirement Obligations."

As a result, total liabilities amounted to ¥1,164 million, an increase of 12.6% from the end of the previous fiscal year.

(Net Assets)

Net assets amounted to ¥140,028 million, an increase of 2.5% from the end of the previous fiscal year.

(Note)

From the first quarters of the fiscal year ending February 29, 2012, Circle K Sunkus has included Sunkus Higashi-Saitama Co., Ltd. within the scope of consolidation through an acquisition of shares.

(3) Qualitative Information Concerning Consolidated Earnings Projections

In view of the business environment and other considerations, the earnings projections for the year ending February 29, 2012 announced on May 13, 2011, were revised. For details, please refer to the “Notice Concerning Revisions to Earnings Projections,” dated September 27, 2011.

2. Others

(1) Changes in the status of important subsidiaries during the quarter (changes in the status of specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

1) Simplified accounting methods

[Calculation of Depreciation of Property and Equipment]

For assets depreciated by the declining balance method, depreciation is calculated based on a method in which the amount of depreciation for the full fiscal year is proportionately allocated to the fiscal period under review.

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

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

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

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

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

1) Application of Accounting Standard for Asset Retirement Obligations

Effective from the first quarters of the year ending February 29, 2012, Circle K Sunkus applied the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Statement No. 18, March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Guidance No. 21, March 31, 2008).

The effect of this change was to decrease operating income, recurring profit and income before income taxes each by ¥4,256 million, ¥311 million and ¥95 million. The change in asset retirement obligations upon application of these accounting standards and others was ¥6,766 million.

2) Changes in Presentation Methods

(Quarterly Consolidated Statements of Income)

Circle K Sunkus has applied the “Cabinet Office Ordinance Regarding Partial Amendment of the Regulation for Terminology, Forms and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5 of March 24, 2009) based on the “Accounting Standard for Consolidated Financial Statements” (Accounting Standards Board of Japan Statement No. 22, December 16, 2008). As a result, income before minority interests is shown separately for the first three quarters of the fiscal year ending February 29, 2012.

(4) Note Concerning Going Concern Assumption

Not applicable

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

(Millions of yen)

	Current 3rd Quarter (As of November 30, 2011)	Last fiscal year (As of February 28, 2011)
(ASSETS)		
Current assets		
Cash and cash equivalents	61,259	68,932
Due from franchised stores	3,603	3,037
Marketable securities	20,006	7,027
Inventories	1,608	1,843
Deferred tax assets	1,150	1,327
Other accounts receivable	9,296	11,345
Other current assets	17,900	12,249
Allowance for doubtful accounts	(208)	(191)
Total current assets	114,615	105,571
Fixed assets		
Property and equipment		
Buildings and structures, net	39,389	37,207
Furniture and fixtures, net	3,376	3,611
Land	8,259	8,295
Leased assets, net	25,099	18,892
Other fixed assets	428	125
Total property and equipment	76,554	68,133
Intangible fixed assets		
Software	5,674	6,643
Software development in progress	20	279
Goodwill	2,373	769
Other intangible fixed assets	3,561	3,531
Total intangible fixed assets	11,629	11,223
Investments and other assets		
Investment securities	2,520	2,523
Deferred tax assets	4,403	3,148
Long-term leasehold deposits	40,473	43,569
Other investments	6,770	6,796
Allowance for doubtful accounts	(809)	(939)
Total investments and other assets	53,628	55,099
Total fixed assets	141,813	134,455
Total assets	256,428	240,027

(Millions of yen)

	Current 3rd Quarter (As of November 30, 2011)	Last fiscal year (As of February 28, 2011)
(LIABILITIES)		
Current liabilities		
Trade payables	39,145	33,706
Due to franchised stores	1,609	2,244
Other accounts payable	5,116	6,464
Income taxes payable	3,440	4,342
Money held as agent	28,263	27,561
Accrued employees' bonuses	1,569	1,448
Other current liabilities	7,131	5,764
Total current liabilities	86,276	81,533
Long-term liabilities		
Lease obligations	11,682	9,030
Allowance for employees' retirement benefit liability	123	70
Asset retirement obligation	6,603	-
Long-term guarantee deposits received	9,568	10,160
Long-term allowance for impairment loss on leased assets	945	995
Other long-term liabilities	1,201	1,564
Total long-term liabilities	30,123	21,821
Total liabilities	116,400	103,355
(NET ASSETS)		
Shareholder's equity		
Common stock	8,380	8,380
Capital surplus	36,090	36,092
Retained earnings	100,164	96,738
Less, treasury stock, at cost	(5,032)	(5,032)
Total shareholders' equity	139,603	136,179
Unrealized gains or losses and translation differences, etc.		
Net unrealized gains on available-for-sale securities	425	493
Total unrealized gains or losses and translation differences, etc.	425	493
Total equity	140,028	136,672
Total liabilities and net assets	256,428	240,027

(2) Consolidated Statements of Income

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

(Millions of yen)

	Previous 3rd Quarter (From March 1, 2010 to November 30, 2010)	Current 3rd Quarter (From March 1, 2011 to November 30, 2011)
Operating revenues	87,594	91,430
Franchise commissions from franchised stores	78,459	82,501
Other revenues	9,135	8,929
Net sales of company-owned stores	59,628	54,051
Total operating revenues	147,223	145,481
Cost of goods sold	45,447	41,352
Operating gross profit	101,775	104,129
Selling, general and administrative expenses	85,047	84,287
Employees' salaries and bonuses	11,615	11,910
Provision for bonuses	1,758	1,569
Provision of allowance for employees' retirement benefit	647	620
Store leasing expenses	38,041	37,845
Depreciation and amortization	8,560	9,450
Provision to allowance for doubtful accounts	13	-
Other Selling, general and administrative expenses	24,410	22,996
Operating income	16,727	19,841
Non-operating income	667	602
Interest income	343	282
Dividend income	77	57
Compensation income	163	128
Other non-operating income	83	134
Non-operating expenses	1,283	896
Interest expenses	189	261
Lease contract cancellation expenses	1,040	539
Provision to allowance for doubtful accounts	-	63
Other non-operating expenses	53	31
Recurring profit	16,111	19,548
Extraordinary gains	32	594
Gain on sales of property and equipment	32	119
Compensation for loss on lease contract cancellations	-	115
Reversal of allowance for doubtful accounts	-	75
Gain on step acquisitions	-	258
Other extraordinary gains	-	25
Extraordinary losses	3,356	7,943
Loss on disposal of property and equipment	157	160
Impairment loss on fixed assets	3,093	2,813
Asset retirement obligation	-	4,028
Loss due to disaster	-	864
Other extraordinary losses	105	76
Income before income taxes	12,787	12,198
Income taxes-current	6,444	6,451
Income taxes-deferred	(802)	(1,031)
Total Income taxes	5,642	5,419
Loss before minority interests	-	6,779
Net income	7,145	6,779

(3) Note Concerning Going Concern Assumption

The Third Quarter of the Fiscal Year Ending February 29, 2012.

Not applicable.

(4) Business Segment Information

The Third Quarter of the Fiscal Year Ending February 29, 2012.

[Business Segment Information]

The Convenience Store Business accounts for more than 90% of total operating revenues and operating income for all segments. Accordingly, business segment information has been omitted.

[Geographical Segment Information]

No information is shown since Circle K Sunkus does not have any overseas consolidated subsidiaries or overseas branch offices.

[Overseas Sales]

No information is shown since Circle K Sunkus has no overseas sales.

(5) Note in the Event of a Marked Change in the Amount of Shareholders' Equity

Not applicable.

[4. Additional Information]

(1) Net Sales by Product Category in the Convenience Store Business Segment

By product	Previous 3rd Quarter (From March 1, 2010 to November 30, 2010)			Current 3rd Quarter (From March 1, 2011 to November 30, 2011)			Last fiscal Year (From March 1, 2010 to February 28, 2011)		
	Amount	Compo sition ratio	Change year on year	Amount	Compo sition ratio	Change year on year	Amount	Compo sition ratio	Change year on year
	¥ Million	%	%	¥ Million	%	%	¥ Million	%	%
<Circle K Sunkus and others>									
Fast food	109,997	17.0	(1.4)	113,340	16.7	3.0	144,726	16.9	(0.5)
Perishable food	82,583	12.8	(2.4)	80,874	11.9	(2.1)	107,387	12.6	(1.3)
Processed food	187,118	29.0	(2.3)	184,704	27.1	(1.3)	244,315	28.6	(1.9)
Food sub-total	379,699	58.8	(2.0)	378,919	55.7	(0.2)	496,429	58.1	(1.3)
Non-food products	225,101	34.8	(1.0)	258,316	37.9	14.8	302,647	35.4	1.3
Services	41,362	6.4	10.6	43,476	6.4	5.1	55,932	6.5	11.3
Total	646,164	100.0	(1.0)	680,712	100.0	5.3	855,010	100.0	0.3
<Area franchiser and others>									
Fast food	8,299	16.1	39.0	9,895	15.6	19.2	10,903	16.0	38.8
Perishable food	7,603	14.8	27.2	8,432	13.3	10.9	9,909	14.5	26.8
Processed food	16,121	31.4	30.8	17,965	28.3	11.4	21,013	30.8	29.8
Food sub-total	32,024	62.3	31.9	36,293	57.2	13.3	41,826	61.3	31.3
Non-food products	17,246	33.5	38.0	24,122	38.0	39.9	23,366	34.3	41.8
Services	2,156	4.2	63.6	3,060	4.8	41.9	2,982	4.4	63.2
Total	51,427	100.0	35.0	63,476	100.0	23.4	68,174	100.0	35.9
Grand total	697,591	-	1.0	744,188	-	6.7	923,185	-	2.3

1. Sales volumes are omitted from disclosure, as they span a vast array of items and are both difficult and inappropriate to record.
2. Area franchiser and others exclude ZERO NETWORKS Co., Ltd. and non-consolidated area franchisers, but include the sales by product category of 99 ICHIBA Co., Ltd.
3. Consumption and other taxes are excluded from the figures above.

(2) The Number of Stores in the Convenience Store Business Segment

(stores)

Prefecture	Total number of stores in the entire chain			
	Previous 3rd Quarter (As of November 31, 2010)	Current 3rd Quarter (As of November 31, 2011)	Change +/-	Last fiscal Year (As of February 28, 2011)
<Circle K Sunkus Co., Ltd>				
Hokkaido	189	190	+1	191
Aomori	107	106	-1	108
Iwate	89	90	+1	90
Akita	100	95	-5	95
Miyagi	110	104	-6	110
Yamagata	49	46	-3	49
Fukushima	22	20	-2	21
Ibaraki	53	54	+1	53
Gunma	13	14	+1	14
Chiba	132	130	-2	132
Saitama	30	29	-1	30
Tokyo	588	584	-4	590
Kanagawa	329	338	+9	334
Niigata	98	100	+2	98
Toyama	66	70	+4	68
Ishikawa	107	116	+9	110
Fukui	43	42	-1	43
Nagano	129	133	+4	132
Gifu	257	266	+9	258
Shizuoka	290	298	+8	290
Aichi	964	980	+16	973
Mie	221	229	+8	223
Shiga	46	48	+2	46
Kyoto	108	109	+1	107
Osaka	398	398	-	400
Hyogo	171	167	-4	170
Nara	47	45	-2	47
Wakayama	22	21	-1	22
Okayama	130	130	-	126
Hiroshima	47	48	+1	48
Fukuoka	21	33	+12	23
Total	4,976	5,033	+57	5,001

(stores)

By region	Total number of stores in the entire chain			
	Previous 3rd Quarter (As of November 30, 2010)	Current 3rd Quarter (As of November 30, 2011)	Change +/-	Last fiscal Year (As of February 28, 2011)
<Area franchiser and others>				
Circle K Shikoku Co., Ltd.	166	169	+3	168
Sunkus Aomori Co., Ltd.	68	73	+5	70
Sunkus Nishi-Saitama Co., Ltd.	89	94	+5	88
Sunkus Higashi-Saitama Co., Ltd.	71	68	-3	70
Sunkus Tokai Co., Ltd.	119	120	+1	118
Sukus Keihanna Co., Ltd.	102	103	+1	102
Sunkus Nishi-Shikoku Co., Ltd.	81	80	-1	81
Sunkus and Associates Higashi-Shikoku Co., Ltd.	118	123	+5	122
Sunkus Hokuria Co., Ltd.	100	100	-	100
Sunkus and Associates Toyama Co., Ltd.	77	-	-77	75
SUKUS KITAKANTO Co., Ltd.	43	47	+4	44
Minami-Kyushu Sunkus Co., Ltd.	109	108	-1	108
CVS Bay Area Inc.	127	119	-8	127
99 ICHIBA Co., Ltd.	62	63	+1	61
Total	1,332	1,267	-65	1,334
Circle K Sunkus Group Total	6,308	6,300	-8	6,335

Note: The area franchiser contract with Sunkus and Associates Toyama Co., Ltd. was dissolved effective July 1, 2011.