

Summary of Consolidated Financial Statements for the Third Quarter Ended November 30, 2004

Circle K Sunkus Co., Ltd.

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

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Stock exchange listings: The first section of the Tokyo Stock Exchange and Nagoya Stock Exchange
Securities Code Number: 3337

1. Preparation of Summary of Quarterly Report

(1) Simplified Accounting Policies: None

(2) Change in accounting methods: None

(3) Changes in scope of consolidation and application of equity method: Yes

Consolidation: (New) 2 companies (Sunkus Aomori Co., Ltd. and Sunkus Nishi-Saitama Co., Ltd.)
(Eliminated) 1 company (CKTOHOKU Co., Ltd.)

(Note) The Company (formerly CIRCLE K JAPAN Co., Ltd.) was renamed Circle K Sunkus Co., Ltd. on September 1, 2004 after absorbing C&S Co., Ltd. and SUNKUS & ASSOCIATES INC. Because quarterly financial disclosure began in the current fiscal year, third quarter results for the previous fiscal year and year-on-year comparisons are not presented.

Consolidated statements of cash flows are not prepared for quarterly reporting purposes.

2. Results for the third quarter of Fiscal 2005 (March 1, 2004 to November 30, 2004)

(1) Consolidated Operating Results

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

	Total operating revenues [Total sales]			Operating income		Recurring profit	
	Millions of yen		Change %	Millions of yen	Change %	Millions of yen	Change %
3rd Quarter ended 11/04	96,218	[492,416]	- [-]	14,020	-	13,721	-
3rd Quarter ended 11/03	-	[-]	- [-]	-	-	-	-
(Ref.) Year ended 2/04	101,540	[498,806]	-	13,025	-	11,509	-

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
3rd Quarter ended 11/04	7,474	-	287.87	-
3rd Quarter ended 11/03	-	-	-	-
(Ref.) Year ended 2/04	5,015	-	29,740.7	-

(Note) Figures for the percent columns indicate percentage changes in total operating revenues, total sales excluding non-consolidated area franchisers, operating income, recurring profit and net income compared with the same quarter of the previous year.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
3rd Quarter ended 11/04	201,458	108,106	53.7	1,254.83
3rd Quarter ended 11/03	-	-	-	-
(Ref.) Year ended 2/04	109,443	57,778	52.8	344,541.8

3. Forecast of Consolidated Results for the Year Ended February 28, 2005

	Total operating revenues [Total sales]		Recurring profit	Net income
	Millions of yen		Millions of yen	Millions of yen
Fiscal Year ending 2/05	138,430	[721,700]	17,310	9,310

(Reference) Projected net income per share for fiscal 2005: 108.03yen

(Note) The forecast of consolidated results for the year ended February 28, 2005 are unchanged from October 14, 2004.

*For more qualitative information on Circle K Sunkus' consolidated results, please see page 3 of the Overview of Third Quarter Consolidated Operating Results.

Reference

[1] Consolidated Results

The Company (formerly CIRCLE K JAPAN Co., Ltd.) was renamed Circle K Sunkus Co., Ltd. on September 1, 2004 after absorbing C&S Co., Ltd. and SUNKUS & ASSOCIATES INC. Third quarter operating results shown on page 1 represent the sum of operating results for the surviving company CIRCLE K JAPAN from March 1 to August 31, 2004, and those of Circle K Sunkus after the merger from September 1 to November 30, 2004. Third quarter operating results thus exclude results for the former SUNKUS & ASSOCIATES INC., Sunkus Aomori Co., Ltd., and Sunkus Nishi-Saitama Co., Ltd. from March to August 2004. Actual operating results including figures for these companies are presented below.

(1) Actual consolidated earnings forecasts for the full fiscal year presented below represent the sum of consolidated results of the former C&S Co., Ltd. before the merger (March 1, 2004 ~ August 31, 2004) and the consolidated results of Circle K Sunkus Co., Ltd. after the merger (September 1, 2004 ~ February 28, 2005).

	Total operating revenues [Total sales]		Operating income	Recurring profit	Net income
	Millions of yen		Millions of yen	Millions of yen	Change %
(A) Fiscal Year ending 2/05	176,650	[940,130]	24,270	23,210	12,580

Note: Forecast net income per share included in the above actual forecasts of full-year consolidated earnings ((A) Fiscal year ending February 2005) is calculated based on the number of shares issued and outstanding as of the end of the period under review (86,183,226).

Projected net income per share for fiscal year ending Feb. 2005 (Consolidated) 145.97 yen

(2) Actual operating results shown below represent the sum of consolidated operating results for the former C&S Co., Ltd. before the merger (March 1, 2004 ~ August 31, 2004) and post-merger results of Circle K Sunkus Co., Ltd. (September 1, 2004 ~ November 30, 2004), and percentages relative to full-year forecasts. These figures correspond to the above forecasts.

	Total operating revenues [Total sales]		Operating income	Recurring profit	Net income
	Millions of yen		Millions of yen	Millions of yen	Change %
(B) 3rd Quarter ended 11/04	134,442	[710,851]	19,919	19,659	10,755
(B) / (A)	76.1%	[75.6%]	82.1%	84.7%	85.5%

Note: The figures for net income per share shown below are calculated based on the number of shares issued and outstanding at November 30, 2004 (86,152,835) corresponding to the actual operating results shown above ((B) Third quarter of fiscal year ending February 2005).

Quarterly net income per share (Consolidated) 124.80 yen

[2] Net Income per Share

- (1) Figures for forecast net income per share for the fiscal year ending February 2005 shown on pages 1 is calculated based on the number of shares issued and outstanding at the end of the fiscal year (86,183,226). Presented below is forecast net income per share calculated by dividing forecast net income (consolidated: ¥9,310 million; non-consolidated ¥9,550 million) by the average number of shares issued and outstanding for the period from the beginning of the fiscal year, prior to the merger, (167,608 shares), to the fiscal year-end on February 28, 2005 (86,183,226 shares). Because of significant changes in the number of shares due to the merger, the above forecasts differ from the figures shown on pages 1.

Projected net income per share for fiscal 2005 (Consolidated) 233.53 yen (Non-consolidated) 239.55 yen

- (2) Figures for quarterly net income per share shown on pages 1 is calculated using the average number of shares issued and outstanding for the period from the beginning of the fiscal year, prior to the merger, (167,608 shares), to the fiscal year-end on February 28, 2005 (86,152,835 shares). Net income per share presented below is calculated by dividing net income per share for the first three quarters (consolidated: ¥7,474 million; non-consolidated ¥7,651 million) by the number of shares issued and outstanding on November 30, 2004.

Quarterly net income per share (Consolidated) 86.75 yen (Non-consolidated) 88.82 yen

4. Overview of Third Quarter Consolidated Operating Results

(1) Overview of Third Quarter Performance

Despite strong overall performance through August 2004 supported by a spell of hot weather and other factors, Circle K Sunkus saw slower growth in existing store sales due partly to adverse weather, exacerbated by the landfall of several typhoons during and after September 2004. Circle K Sunkus has taken the opportunity of its merger to step up joint sales campaigns by Circle K and Sunkus. Notably, the *WAKUWAKU? Campaign* and *Hokkaido Fair* were held in September and November, respectively. Since September, Circle K Sunkus also ran more TV commercials and took other steps to upgrade marketing capabilities. In November, favorable sales of game software resulted in positive growth in existing store sales at the Circle K Business Unit. These and other factors drove a partial recovery in operating results. For the nine-month period from March 2004, before the merger, to November 2004, existing store sales rose 0.7% at Circle K, while decreasing 2.1% at Sunkus. The Circle K Business Unit's Tohoku Business Division, an operating division of the former CKTOHOKU Co., Ltd. acquired on June 1, 2004, posted a 5.5% increase in sales, rebounding from lackluster sales in the same period a year earlier.

<Monthly Sales Compared With the Previous Fiscal Year>

Circle K (%)						Sunkus (%)					
	1st. half	Sep.	Oct.	Nov.	Total		1st. half	Sep.	Oct.	Nov.	Total
Existing stores	1.3	(1.9)	(0.2)	0.3	0.7	Existing stores	(1.4)	(3.8)	(4.1)	(2.2)	(2.1)
All stores	5.1	4.1	6.1	6.5	5.2	All stores	0.8	(1.0)	(1.1)	0.8	0.4

Note: Year-on-year comparisons of sales at Circle K include figures for the operating divisions of the former CKTOHOKU Co., Ltd. (CKTOHOKU). Excluding these figures, total store sales for the same nine-month period rose 2.6% year on year.

As of November 30, 2004, Circle K Sunkus had two consolidated subsidiaries: Sunkus Aomori Co., Ltd. and Sunkus Nishi-Saitama Co., Ltd. Existing store sales decreased 1.1% at Sunkus Aomori and 3.4% at Sunkus Nishi-Saitama.

As a result of the above, total store sales were ¥492,416 million. Excluding the effects of the merger and the increase in consolidated subsidiaries, total store sales increased 2.6% to ¥372,646 million.

On the store development front, Circle K Sunkus opened fewer stores than planned during the third quarter. Since March 2004, prior to the merger, the Company had opened 137 Circle K stores and 110 Sunkus stores on a cumulative basis. On the other hand, 97 Circle K stores and 62 Sunkus stores were closed, with the main emphasis on closing unprofitable stores. Prior to the merger, former subsidiaries also opened and closed stores. CKTOHOKU opened five stores and closed eight stores, Sunkus Aomori opened two stores and closed two stores, and Sunkus Nishi-Saitama opened three stores and closed five. As a result, the total number of stores for both chains, including area franchisers, increased by 116 to 6,268.

(2) Qualitative Information on Consolidated Operating Results and Financial Position

For the first three quarters of the fiscal year ending February 2005, total operating revenues were ¥96,218 million, operating income was ¥14,020 million, recurring profit was ¥13,721 million and net income was ¥7,474 million. This performance excludes the operating results of the former SUNKUS & ASSOCIATES, Sunkus Aomori, and Sunkus Nishi-Saitama for the six-month period from March to August 2004.

Total assets rose ¥92,015 million to ¥201,458 million, while shareholders' equity increased ¥50,328 million to ¥108,106 million. This mainly reflected the inclusion of the assets of each company participating in the merger and the addition of two newly consolidated subsidiaries.

(3) Qualitative Information on Earnings Forecasts

Circle K Sunkus has not revised its current earning forecasts for the fiscal year ending February 28, 2005, which were announced in "Earnings Forecasts for Fiscal Year Ending February 2005 and Management Policies" on October 14, 2004.

5. Consolidated Financial Statement

(1) Consolidated balance sheet

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

(Millions of yen)

	3rd Quarter ended November 30, 2004 (As of November 30, 2004)		Fiscal Year ended February 29, 2004 (As of February 29, 2004)	
	Amount	Composition ratio	Amount	Composition ratio
		%		%
(ASSETS)				
1. Current assets				
Cash and cash equivalents	42,920		22,779	
Due from franchised stores	3,998		2,292	
Marketable securities	17,701		12,001	
Inventories	2,498		1,299	
Deferred tax assets	934		1,140	
Other current assets	15,461		6,457	
Allowance for doubtful accounts	(505)		(142)	
<i>Total current assets</i>	83,009	41.2	45,828	41.9
2. Fixed assets				
Property and equipment				
Buildings and equipment	28,300		15,677	
Furniture and fixtures	3,586		4,008	
Land	9,537		7,330	
Other property and equipment	273		177	
<i>Total property and equipment</i>	41,698	20.7	27,193	24.8
Intangible fixed assets				
System software	5,592		3,014	
System software development in progress	113			
Excess of cost of investments over equity in net assets acquired	455			
Other intangible fixed assets	2,383		1,795	
<i>Total intangible fixed assets</i>	8,545	4.2	4,810	4.4
Investment and other assets				
Investment in securities	4,802		4,234	
Deferred tax assets	2,438		1,541	
Long-term leasehold deposits	54,122		21,927	
Other investment	8,052		4,538	
Allowance for doubtful accounts	(1,211)		(630)	
<i>Total investment and other</i>	68,205	33.9	31,611	28.9
Total fixed assets	118,449	58.8	63,615	58.1
Total assets	201,458	100.0	109,443	100.0

(Millions of yen)

	3rd Quarter ended November 30, 2004 (As of November 30, 2004)		Fiscal Year ended February 29, 2004 (As of February 29, 2004)	
	Amount	Composition ratio	Amount	Composition ratio
		%		%
(LIABILITIES)				
1.Current liabilities				
Trade payable	44,312		20,502	
Due to franchised stores	2,485		885	
Short-term borrowings	84			
Other accounts payable	5,022		2,854	
Income taxes payable	608		1,630	
Payments received	17,404		7,827	
Allowance for bonuses to employees	1,536		379	
Other current liabilities	3,602		3,104	
<i>Total current liabilities</i>	75,057	37.2	37,185	34.0
2.Long-term liabilities				
Long-term borrowings	46			
Allowance for employees' retirement benefits liability	4,566		2,480	
Allowance for directors' and corporate auditors' severance benefits	59		51	
Guarantee deposits received	12,732		10,369	
Other long-term liabilities	889		1,577	
<i>Total long-term liabilities</i>	18,293	9.1	14,479	13.2
Total liabilities	93,351	46.3	51,665	47.2
(MINORITY INTEREST)				
Minority Interest	0	0.0		
(SHAREHOLDERS' EQUITY)				
1.Common stock				
	8,380	4.2	8,380	7.7
2.Capital surplus				
	36,091	17.9	36,090	33.0
3.Retained earnings				
	62,931	31.2	12,761	11.6
4.Net unrealized gains on available-for-sale securities				
	706	0.4	546	0.5
5.Less, treasury stock				
	(2)	(0.0)		
Total shareholders' equity	108,106	53.7	57,778	52.8
Total liabilities and shareholders' equity	201,458	100.0	109,443	100.0

(2) Consolidated statement of income

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

(Millions of yen)

	3rd Quarter ended November 30, 2004 (From March 1, 2004 to November 30, 2004)		Fiscal Year ended February 29, 2004 (From March 1, 2003 to February 29, 2004)	
	Amount	Composition ratio	Amount	Composition ratio
1. Operating revenues		%		%
Franchise commissions from franchised stores	52,514		49,657	
[Net sales reported by franchised stores (Figures for exclude non- consolidated area franchised stores.)				
3rd Quarter ended November 30, 2004 ¥ 456,709 million				
Fiscal Year ended February 29, 2004 ¥ 456,638 million				
Total net sales of franchised and company-owned stores (Figures for exclude non- consolidated area franchised stores.)				
3rd Quarter ended November 30, 2004 ¥ 492,416 million				
Fiscal Year ended February 29, 2004 ¥ 498,806 million				
Other operating revenues	7,997		9,715	
2. Net sales of company-owned stores	(35,706)	(100.0)	(42,168)	(100.0)
Total operating revenues	96,218	100.0	101,540	100.0
3. Cost of goods sold	27,160	(76.1) 28.2	32,108	(76.1) 31.6
Gross profit on sales	(8,546)	(23.9)	(10,059)	(23.9)
Operating gross profit	69,058	71.8	69,431	68.4
4. Selling, general and administrative expenses	55,037	57.2	56,406	55.6
Operating income	14,020	14.6	13,025	12.8

(Millions of yen)

	3rd Quarter ended November 30, 2004 (From March 1,2004 to November 30, 2004)		Fiscal Year ended February 29, 2004 (From March 1,2003 to February 29, 2004)	
	Amount	Composition ratio	Amount	Composition ratio
		%		%
5.Non-operating income	462	0.5	451	0.4
Interest income	127		163	
Dividend income	152		13	
Compensation income	123		215	
Other non-operating income	58		58	
6.Non-operating expenses	761	0.8	1,967	1.9
Interest expense	19		18	
Loss on cancellation of lease contracts	685		1,842	
Other non-operating expenses	56		106	
Recurring profit	13,721	14.3	11,509	11.3
7.Extraordinary gains	110	0.1	82	0.1
Gain on sales of fixed asset	52		82	
Gain on sales of investments in securities	26			
Gain on return of allowance for doubtful accounts	31			
8.Extraordinary losses	723	0.8	2,473	2.4
Loss on disposal of fixed assets	555		1,195	
Loss on write-down of investment securities			96	
Loss on cancellation of lease contracts	67		222	
Loss on write-down of excess of cost of investments over equity in net assets acquired			497	
Other extraordinary losses	100		460	
Income before income taxes	13,108	13.6	9,117	9.0
Income taxes-current	2,736	2.8	4,293	4.2
Income taxes-deferred	2,897	3.0	(191)	(0.2)
Minority interest in earnings of consolidated subsidiaries	(0)	(0.0)		
Net Income	7,474	7.8	5,015	5.0

(3) Consolidated statement of retained earnings

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

(Millions of yen)

	3rd Quarter ended November 30, 2004 (From March 1,2004 to November 30, 2004)		Fiscal Year ended February 29, 2004 (From March 1,2003 to February 29, 2004)	
	Amount		Amount	
(Capital surplus)				
1. Balance of capital surplus at beginning of the period		36,090		36,090
2. Increase in capital surplus				
Gains on Losses on disposal of treasury stock	0	0		
3. Balance of capital surplus at end of period		36,091		36,090
(Retained earnings)				
1. Balance of retained earnings at beginning of the period		12,761		9,983
2. Increase in retained earnings				
Net income	7,474		5,015	
Increase resulting from the merger	43,827	51,301		5,015
3. Decrease in retained earnings				
Dividends	1,100		2,201	
Directors' bonuses	30	1,131	36	2,237
4. Balance of retained earnings at end of the period		62,931		12,761