

Summary of Consolidated Financial Statements for the First Half of Fiscal 2007, the Year Ending February 28, 2007.

Circle K Sunkus Co., Ltd.

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

Securities Code Number: 3337

Parent company: UNY Co., Ltd. (Securities Code No.8270) Ownership of parent company: 47.4%

Date of the board of directors meeting to settle accounts: October 10, 2006

Prepared in accordance with the financial accounting standards in Japan.

1. Results for the First Half of Fiscal 2007 (March 1, 2006 to August 31, 2006)

(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 %
Current interim period	98,980 [469,050]	3.7 [(2.1)]	14,168	(5.9)	13,588	(7.8)
Previous interim period	95,463 [479,110]	- [-]	15,061	-	14,730	-
(Ref.) Last fiscal Year	184,190 [919,824]		25,785		25,031	

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
Current interim period	5,589	(5.6)	64.88	-
Previous interim period	5,290	-	61.41	-
(Ref.) Last fiscal Year	11,498		132.77	-

- (Note) 1. Equity in earnings or losses of investees
- | | |
|-------------------------|-------------|
| Current interim period | ¥ - million |
| Previous interim period | ¥ - million |
| Last fiscal Year | ¥ - million |
2. Average number of shares (Consolidated) during
- | | |
|-------------------------|-------------------|
| Current interim period | 86,148,232 shares |
| Previous interim period | 86,151,448 shares |
| Last fiscal Year | 86,150,714 shares |
3. Change in accounting policies
- None
4. Figures for the percent columns indicate percentage changes in total operating revenues, total sales excluding ZERO NETWORKS Co., Ltd. and non-consolidated area franchisers, operating income, recurring profit and net income compared with the same interim period 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
Current interim period	227,674	121,923	53.6	1,415.28
Previous interim period	222,308	113,657	51.1	1,319.29
(Ref.) Last fiscal Year	211,767	118,392	55.9	1,373.59

(Note) 2. Average number of shares (Consolidated) end of period

Current interim period	86,147,818 shares
Previous interim period	86,151,033 shares
Last fiscal Year	86,148,930 shares

(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
Current interim period	23,168	(7,247)	(2,343)	83,899
Previous interim period	29,410	(7,545)	(1,977)	78,707
(Ref.) Last fiscal Year	27,210	(13,229)	(3,998)	68,803

(4) Scope of consolidated subsidiaries

Consolidated subsidiaries : 5 Subsidiaries or affiliates applicable of equity method: None

(5) Change in scope of consolidation and equity method

Consolidation : (Inclusion) 3 (Exclusion) None

2. Forecast of Consolidated Results for the Year Ending February 28, 2007

	Total operating revenues [Total sales]	Operating profit	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the fiscal year ending Feb. 28, 2007	194,750 [916,500]	25,000	23,650	10,770

(Reference) Projected net income per share for Fiscal Year ending February 28,2007 : JPY125.02

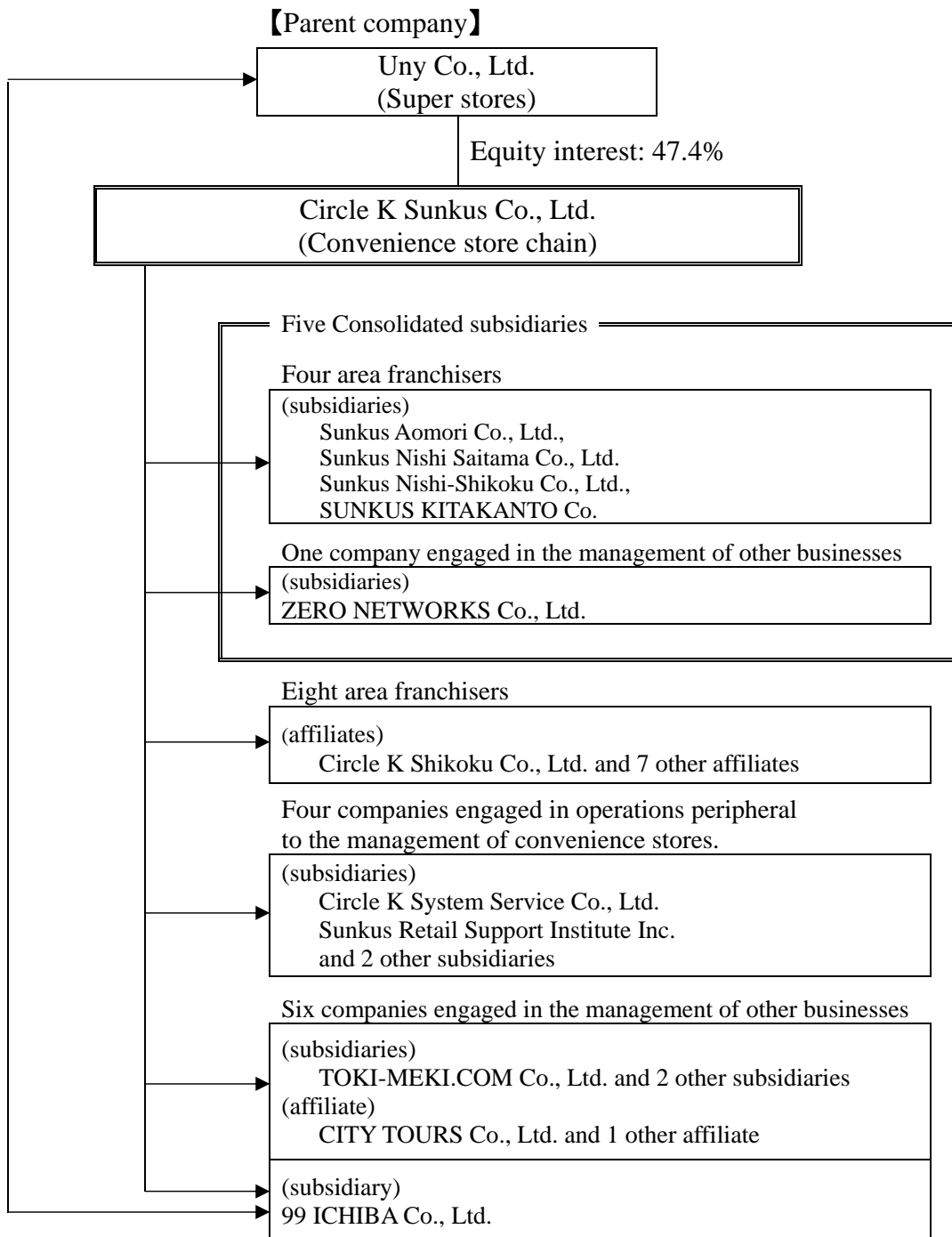
(Note) 1. The above-mentioned forecast is based on projections and plans derived from assumptions based on current market conditions. Actual results may differ materially from these projections due to changes in a number of factors that could not be foreseen at the time of the projections.

3. 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 24 companies: Circle K Sunkus Co., Ltd., two consolidated subsidiaries, Sunkus Aomori Co., Ltd. and Sunkus Nishi-Saitama Co., Ltd. and three new consolidated subsidiaries, Sunkus Nishi-Shikoku Co., Ltd., SUNKUS KITAKANTO Co., Ltd. and ZERO NETWORKS Co., Ltd. were added during the period. As a result, we have 8 other subsidiaries and 10 affiliates. It 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 37 prefectures as of August 31, 2006.

The following chart depicts the Circle K Sunkus Group.



4. Management Policies

(1) Basic Management Policies

Circle K Sunkus' management philosophy is:

“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) Basic Earnings Distribution Policy

Circle K Sunkus' basic policy is to return profits to shareholders based on its operating results, while at the same time building up retained earnings so as to sustain high levels of growth and bolster its operating base. The Company views dividends as the most important means of returning earnings to shareholders. More specifically, Circle K Sunkus considers the maintenance of stable dividends its first priority and aims to pay out 25% of consolidated net income in the year under review in the form of dividends. The Company intends to raise the dividend payout ratio to 30% in the future.

Based on this basic policy, Circle K Sunkus decided to pay an interim dividend of ¥19 per share for the first half of fiscal 2007, the year ending February 28, 2007. In addition, Circle K Sunkus plans to pay a year-end dividend of ¥19 per share, bringing the annual dividend for fiscal 2007 to ¥38 per share.

Retained earnings will be allocated to investments in developing new stores, revitalizing existing ones, and in developing new businesses, as well as preparing for future system-related investments.

(3) Management Targets

To realize its vision for achieving “steady, sustainable growth,” Circle K Sunkus will work to sustain earnings growth in terms of operating income and recurring profit. Our target of generating recurring profit of at least 3% of total store sales will remain a key priority. Going further, we will reinforce sales capabilities spanning store operations, store development and products, aiming to rapidly restore average daily sales per store to ¥500,000 on an all-store basis. Another priority is to improve ROE by efficiently using shareholders' equity to increase shareholder value.

(4) Medium-term Management Strategy

Competition in the retail sector is becoming complex and multi-faceted, cutting across industry and business lines. In the convenience store industry, larger companies are expected to rapidly outdistance medium-sized and smaller ones by capturing a growing share of the market. Furthermore, as Japan's population begins declining, the ongoing aging of Japanese society, compounded by its falling birthrate, is expected to transform the country's social and demographic structure as well as consumer culture. Against this backdrop, consumer needs are expected to undergo significant changes in the years ahead. In this challenging climate, Circle K Sunkus has positioned the following eight policies as the foundations of its management strategy. They are designed to push through the reforms needed to ensure the Company survives as an operator of leading convenience store chains:

- [1] Drive forward marketing innovation based on a customer-first approach by linking strategic manufacturer and customer information.
- [2] Design systems that emphasize investment and funding returns when developing stores or making new investments.
- [3] Make compliance an integral part of management by establishing an internal control system and corporate governance structure.
- [4] Foster a positive and open corporate culture that encourages teamwork and puts employees at ease.
- [5] Promote higher efficiency by unifying operating processes.
- [6] Eliminate redundancies and fixed costs by adhering to low-cost management.
- [7] Nurture area franchisers and improve the accuracy of their management practices by offering multi-dimensional support.
- [8] Develop new businesses and business formats to drive sustainable growth at Circle K Sunkus.

(5) Issues to Be Addressed

To realize its vision for achieving “steady, sustainable growth,” Circle K Sunkus is tackling the following issues:

- [1] Deliver additional merger benefits by promoting further consolidation of operations.
- [2] Develop differentiated products and services that give Circle K Sunkus competitive advantages.
- [3] Establish a support framework for, and provide ample head-office guidance to franchisees to enhance customer satisfaction.
- [4] Improve store development capabilities across the board, secure outstanding franchisees.
- [5] Mitigate future risks associated with stores and regions with lackluster sales.
- [6] Unveil new store concepts and develop new businesses.

(6) Parent Company

Circle K Sunkus is a member of the Uny Group, a retailing group comprising retailers, most notably Uny Co., Ltd. and specialty stores. Uny holds a voting interest of 47.4% in Circle K Sunkus.

Circle K Sunkus works closely with Uny in fields such as product development, where the two can combine strengths within the Group, and through business alliances. Although Uny and Circle K Sunkus both operate in the retail sector, the two companies have different business models—superstores and convenience stores, respectively. Accordingly, the parent company respects the autonomy of Circle K Sunkus in respect to management strategy in the operation of convenience stores. With the exception of concurrent directorships between the Company and Uny, there is no exchange of personnel or funds between the two companies at this time.

5. Consolidated Operating Results and Financial Position

(1) Overview of First Half of Fiscal 2007 (March 1, 2006 to August 31, 2006)

In the first half of fiscal 2007, the Japanese economy continued to stage a gradual recovery, underpinned by strong corporate earnings. Improved employment and income levels also helped to drive a moderate upturn in consumer spending. In the retail sector, food retailers, including supermarkets and general merchandise stores, are seeing improving sales, but this has not spurred an overall turnaround in retail performance. For instance, spending on apparel has been slow to pick up partly because of inclement weather, such as this year's long rainy season. In the convenience store industry, Circle K Sunkus continues to face a challenging business environment, characterized by intensifying competition with peer companies and traditional industry outsiders such as supermarkets, drug stores, and discount retailers.

In the first half of fiscal 2007, total operating revenues at Circle K Sunkus rose 3.7% year on year to ¥98,980 million on a consolidated basis. However, operating income declined 5.9% year on year to ¥14,168 million, and recurring profit decreased 7.8% to ¥13,588 million. Net income was ¥5,589 million, rising 5.6% year on year.

The following is an overview of Circle K Sunkus' businesses by segment.

[Convenience Store Business]

In the first half of fiscal 2007, sales of seasonal summer products, such as soft drinks, were weak due to a long rainy season from June to July, compounded by a slowdown in holiday-related demand reflecting lower temperatures on many days in early spring. Existing store sales decreased 4.8% year on year on a consolidated basis, partly reflecting the termination of prepaid highway toll cards in September 2005.

As a result of the foregoing, total store sales on a consolidated basis, a figure encompassing the combined sales of the Circle K Sunkus Group's consolidated subsidiaries in the convenience store business, were ¥469,050 million. Meanwhile, total store sales on a group-wide basis, including sales of non-consolidated area franchisers, were ¥549,702 million.

Summary of Store Performance (March 1, 2006 to August 31, 2006)

	Circle K	Sunkus	Circle K Sunkus Total	Consolidated Subsidiaries Total	Consolidated Total	Group Total
Total store sales(¥ million)	252,259	193,862	449,121	19,928	469,050	549,702
Year-on-year change (%)	-2.8	-5.7	-4.1	81.7	-2.1	-3.9
YoY change in existing store sales (%)	-4.4	-5.2	-4.7	-6.8	-4.8	-4.8
Average daily sales per existing store (¥ thousand)	487	482	485	412	481	480
Stores opened	84	57	141	12	153	189
Stores closed	94	121	215	13	228	250
Total stores at period-end	2,881	2,199	5,080	272	5,352	6,311

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

*Group total is the sum of results for all Circle K and Sunkus stores in Japan, including non-consolidated area franchisers.

The following is an overview of Circle K Sunkus' businesses during the first half of fiscal 2007.

On the store development front, Circle K Sunkus worked to open new stores, with the aim of establishing a dominant presence in areas already served by existing stores. Meanwhile, the Company opened stores in Gunma Prefecture for the first time. Efforts were also focused on opening stores in new locations where Circle K Sunkus can offer greater customer convenience. Notably, its first store on a national university campus was opened at Kanazawa University.

During the first fiscal half, Circle K Sunkus opened 153 stores, which was fewer than planned. Meanwhile, relocations indicated much progress with the Company's key strategy of actively relocating stores to optimal locations. In parallel, the Company closed 228 stores in the first fiscal half, focusing on stores unlikely to remain competitive in the future.

As a result, Circle K Sunkus had a total of 5,352 stores as of August 31, 2006.

In store management, a set of proprietary guidelines called the "Six Stages of Store Operations" was used to improve store operations. The main priorities are to raise the awareness of franchise store managers, enhance retail spaces by upgrading the skills of part-time store staff, and carry out thorough single-product inventory management at all stores. Specific benchmarks used to enhance store management include data collated on customer satisfaction, the number of in-store meetings, the number of staff involved in product ordering and other parameters. By improving store operations in terms of these benchmarks, Circle K Sunkus aims to implement reforms that create stores offering the highest level of customer satisfaction. Furthermore, Circle K Sunkus established the General Operations Headquarters in fiscal 2007 to oversee both the Store Operations Division and the Marketing, Services & Merchandising Division. With this step, Circle K Sunkus aims to reinforce its sales and product development capabilities by facilitating stronger ties between store operations and product departments.

On the product front, Circle K Sunkus has begun integrating vendor and logistics networks in the fast foods and perishable foods categories, aiming to reap further merger benefits. Integration was completed in the Chugoku region, specifically Okayama and Hiroshima prefectures, in April this year, and in the Shikoku region the following June. Circle K Sunkus plans to steadily extend this approach to all other regions too, with the view to completing the process by the fiscal year ending February 29, 2008. In parallel with vendor and logistics consolidation, the Company will also set up its own network of dedicated food processing centers to integrate products and food ingredients. The goal is to reduce the cost of ingredients by reaping economies of scale while enhancing product quality.

In fast foods, Circle K Sunkus worked to reinforce best-selling items as part of its pursuit of great-tasting products by introducing new materials, food preparation methods, and safer and more reliable ingredients. In July, Circle K Sunkus rolled out the *THINK BODY* project, offering products and services to support the health and fitness of customers. This project is aimed at meeting rapidly shifting customer needs. It targets the needs of customer segments that convenience stores have not yet been able to fully meet. These customer segments include women, who have a strong interest in health and beauty, and health-conscious middle-aged and elderly men. Particularly noteworthy was that women accounted for more than 40% of product purchases for the newly launched *Balance Shokudo* rice dish brand, helping to expand Circle K Sunkus' customer base. Circle K Sunkus is also working on creating products featuring regional tastes and ingredients as part of efforts to strengthen regional products in conjunction with vendor consolidation. Circle K Sunkus launched several initiatives that were highly acclaimed by customers. These include tie-up products with local TV and radio stations launched simultaneously in 15 regions nationwide in June, and the *HOKURIKU MOT PROJECT*,

which was rolled out in August only in the Hokuriku region. This project aims to promote locally produced and consumed foods using local food materials with non-standard retail specifications.

Turning to services, in April, Circle K Sunkus extended the purchase point system for users of Edy electronic money-enabled *KARUWAZA CLUB* cards to all stores nationwide. This step resulted in large increases in transaction volumes for *KARUWAZA CLUB* cards and card membership, helping Circle K Sunkus to capture more customers. Efforts were also focused on a diverse array of sales promotions such as discount services for customers using *KARUWAZA CLUB* cards, and electronic stamp services. The goals were to deliver greater customer convenience, as well as attract more customers to stores and set Circle K Sunkus apart from other convenience stores. Another highlight of the period was “Zero Bank” ATMs, an original Circle K Sunkus ATM service that enables withdrawals to be made free of charge during certain operating hours on weekdays. Installation of these ATMs was completed at all stores (some excluded) in Mie Prefecture in July. Circle K Sunkus also began installing these ATMs in the Kanto region, (Tokyo and Kanagawa, Chiba and Saitama prefectures), with installation due to be completed by the end of February 2007.

Through these measures, Circle K Sunkus has achieved a general improvement in product markups across all categories. Combined with the beneficial impact on product markups of the September 2005 termination of prepaid highway toll card sales, the average product markup on a non-consolidated basis for Circle K Sunkus in the first half of fiscal 2007 was 29.15%, 0.21 of a percentage point higher than in the same period of the previous fiscal year.

[Other Businesses]

In other businesses, ZERO NETWORKS Co., Ltd. is contracted to conduct “Zero Bank” ATM operations. The company has already formed an alliance with the Ogaki Kyoritsu Bank, Ltd. to offer “Zero Bank” ATM services, and is installing ATMs at Circle K and Sunkus stores in Aichi and Gifu prefectures. In May 2006, it also formed an alliance with The Mie Bank, Ltd., and installed ATMs at stores in Mie Prefecture. In July, ZERO NETWORKS teamed up with The Tokyo Star Bank, Ltd. to begin installing these ATMs at stores in the Kanto region (Tokyo and Kanagawa, Chiba and Saitama prefectures). As a result, the company had installed a total of 1,659 “Zero Bank” ATMs as of August 31, 2006.

(2) Financial Position

As of August 31, 2006, total assets were ¥227,674 million, an increase of ¥5,366 million from the end of the previous fiscal year. Net assets were ¥121,923 million, rising ¥8,265 million from the end of the previous fiscal year. Consequently, the shareholders’ equity ratio was 53.6% at August 31, 2006.

In the first half of fiscal 2007, operating activities provided net cash of ¥23,168 million, 21.2% less than in the same period of the previous fiscal year. The main contributing factors were income before income taxes and minority interests of ¥10,270 million, and an impairment loss of ¥2,580 million, a decrease of 48.2%.

Investing activities used net cash of ¥7,247 million, 4.0% less than in the first half of fiscal 2006. The main components were a ¥5,619 million increase in property and equipment chiefly to open new stores and improve the functions of existing ones, and a ¥3,330 million increase in long-term leasehold deposits. Another component was a ¥750 million payment for the purchase of investment securities as part of an investment in subsidiaries.

Financing activities used net cash of ¥2,343 million, 18.5% higher than in the first half of fiscal 2006, mainly reflecting dividends paid of ¥1,637 million, partly offset by the repayment of ¥907 million in guarantee deposits following store closures.

Consequently, as of August 31, 2006, cash and cash equivalents were ¥83,899 million, rising ¥13,577 million, or 21.9%, from the previous fiscal year-end, excluding increases in cash and cash equivalents from newly consolidated subsidiaries.

Cash Flow Indices

	First Half Fiscal 2006	First Half Fiscal 2007	Fiscal 2006	Fiscal 2007
Shareholders' equity ratio(%)	51.1	53.6	54.7	55.9
Shareholders' equity ratio using fair value (%)	96.5	89.9	105.0	110.0
Average debt repayment period (years)	0.0	0.0	0.1	0.1
Interest coverage ratio (times)	25,075.9	7,624.3	11,536.3	12,774.7

(Notes)

Shareholders' equity ratio = Shareholders' equity / Total assets

Shareholders' equity ratio using fair value = Market capitalization / Total assets

Average debt repayment period = 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.

*The average debt repayment period for the interim period is based on annualized operating cash flows, which are calculated by multiplying interim operating cash flows by a factor of 2.

(3) Outlook for Fiscal 2007

Japan's economy is projected to remain on a gradual recovery course during the rest of fiscal 2007. However, although consumer spending is anticipated to remain firm in the near term, a full-fledged economic recovery is expected to require more time, mainly due to concerns in the household sector over possible increases in social insurance premiums and taxes. Meanwhile, changes in Japan's social structure arising from a declining population, aging society, and fewer births will prompt major qualitative changes in customer needs. Combined with a fiercer level of competition transcending industry and business lines, Circle K Sunkus will continue to face a challenging business environment.

To surmount these challenges, Circle K Sunkus has positioned fiscal 2007 as the year to promote structural reforms so that it can achieve steady, sustainable growth. More specifically, Circle K Sunkus intends to move onto the offensive to speed up innovation across a diverse array of business processes. In the second half of fiscal 2007, Circle K Sunkus plans to advance the following initiatives.

In store development, Circle K Sunkus will continue to work on reestablishing a dominant presence in areas served by existing stores, while prioritizing three major urban areas, namely Tokyo, Nagoya and Osaka, as key regions for opening new stores. To mitigate future risks, Circle K Sunkus will relocate stores from regions with slowing sales by enhancing its scrap-and-build program. Meanwhile, the highest priority for opening new stores will be to weigh profitability versus costs. To avoid opening stores with low average daily sales, Circle K Sunkus will roll out a new location assessment system (called "Circle K Sunkus Research") in the second half of fiscal 2007. The overriding goal is to improve average daily sales per new store. Also, a new employment format called the "Venture

Employee System,” will also be unveiled in the second fiscal half. Under this system, Circle K Sunkus will employ prospective franchisees on contracts, with the aim of signing on talented franchisee candidates.

In store management, Circle K Sunkus will work to more deeply ingrain the principles of the “Six Stages of Store Operations” at all stores. The goal is to implement reforms that create stores offering the highest level of customer satisfaction by upgrading the skills of franchisee storeowners and part-time store staff, putting in place a highly precise order placement system, improving customer service and taking other steps. Efforts will also be focused on strengthening head office guidance for franchised stores by bringing together and sharing the expertise and successes of supervisors who have realized higher sales of rice dishes and increased order levels.

On the product front, Circle K Sunkus will continue to press ahead with integration of vendor and logistics networks in the fast foods and perishable foods categories. Plans call for completing integration in the Hokuriku and Kansai regions in October and November, respectively. Beginning with regions where vendor and logistics network integration is completed, Circle K Sunkus plans to establish dedicated food processing centers and integrate products and ingredients. The goal is to improve product markups by reaping economies of scale while enhancing product quality. On the services front, Circle K Sunkus aims to capture more customers by increasing membership in Edy electronic money-enabled *KARUWAZA CLUB* cards. Circle K Sunkus also plans to complete the roll out of “Zero Bank” ATMs, its original ATM service, at stores in Tokyo and Kanagawa, Chiba and Saitama prefectures in the second half of fiscal 2007 (some stores excluded).

In addition to these measures, Circle K Sunkus will open a new-concept trial store called *Fork Talk* in September in response to Japan’s changing social structure and customer needs. The new-concept stores will conduct a variety of experiments and trials of product and service offerings, and the results will be incorporated into product and service innovations at existing Circle K Sunkus stores. Meanwhile, a new business, subsidiary 99 Ichiba Co., Ltd. is currently developing supermarkets that offer fresh foods uniformly priced at ¥99. (As of August 31, 2006, the company had opened 11 such supermarkets.) Circle K Sunkus intends to develop 99 Ichiba into a second core business alongside convenience stores, while strengthening its operations with the view to capturing synergies with its core convenience store business.

Store Operating Performance Forecasts (March 1, 2006 to February 28, 2007)

	Circle K	Sunkus	New-Concept store	Circle K Sunkus Total	Consolidated Subsidiaries Total	Consolidated Total
Total store sales (¥ million)	-	-	-	877,800	38,700	916,500
Year-on-year (YoY) change (%)	-	-	-	-2.3	83.6	-0.4
YoY change in existing store sales (%)	-	-	-	-3.2	-	-
Stores opened	198	151	3	352	27	379
Stores closed	171	181	-	352	30	382
Total stores at period-end	2,918	2,233	3	5,154	270	5,424

*The above consolidated subsidiaries total is the sum of results for four subsidiaries, namely Sunkus Nishi-Saitama Co., Ltd., Sunkus Aomori Co., Ltd., Sunkus KITAKANTO Co., Ltd. and Sunkus Nishi-Shikoku Co., Ltd.

*Circle K Sunkus totals for stores opened and total stores at period-end include three new-concept stores. The corresponding projections for Circle K and Sunkus therefore do not match these figures.

For fiscal 2007, Circle K Sunkus is forecasting total operating revenues on a consolidated basis of ¥194,750 million, an increase of 5.7% year on year. On the earnings front, Circle K Sunkus is projecting consolidated operating income of ¥25,000 million, down 3.0% year on year, recurring profit of ¥23,650 million, 5.5% lower, and net income of ¥10,770 million, a decrease of 6.3%.

(4) Business Risks

Risks related to the Circle K Sunkus Group's business and other activities may have a significant impact on investment decisions. Some of these are listed below. Forward-looking statements contained in this document are based on management's assumptions in light of information available as of August 31, 2006.

[1]Economic Trends, Natural Disasters and Other Factors

The Circle K Sunkus Group manages its convenience store business based on its "dominant" strategy. The Group sees this business as playing an important role in society in the event of a disaster through the provision of vital support to affected communities. However, an unexpected disaster, unforeseen accident or similar event could halt the Group's logistics system, leading to opportunity losses. Additionally, the Group's operating results and financial position could be impacted by shifts in consumer spending due to domestic economic trends, or changes in the natural environment such as unseasonable weather.

[2]Food Product Safety

The Circle K Sunkus Group gives the highest priority to food safety. The Group has already eliminated the use of preservatives and artificial coloring from mainstay products such as rice balls and boxed lunches. Circle K Sunkus also develops new products to consistently offer items that provide customers with peace of mind. Food safety is also ensured using an inspection and control system that involves the implementation of food safety and other inspections at stores. However, the food industry has faced a range of issues in recent years, including BSE, bird flu and genetically modified food products. Although Circle K Sunkus takes steps to identify and take preventive measures to deal with these and other risks, an unforeseen event could impact the Group's operating results and financial position.

[3]Information Systems

The Circle K Sunkus Group holds franchise store information through its franchise business, and personal information on customers and other individuals gained from sales promotions and purchases made with Edy electronic money-enabled *KARUWAZA CLUB* cards. To prevent the leak or corruption of this information, Circle K Sunkus takes appropriate security measures in information management, including computer systems. However, there is a risk that unforeseen events such as unauthorized access, damage or infection by computer viruses could result in the leak of internal information, which could prevent the Group from carrying out its operations and other activities.

[4]Laws, Regulations and Litigation

The Circle K Sunkus Group is subject to laws and regulations concerning food safety, fair business practices, environmental protection and other areas, and is licensed by the authorities to conduct certain businesses. In the course of its business activities, the Circle K Sunkus Group works to ensure compliance with all relevant laws and regulations, while encouraging all directors and employees to understand and practice compliance. To this end, the Group has established a Compliance & Environmental Management Office to strengthen internal control systems. However, the Group may incur additional costs due to such factors as unforeseen revisions of laws and regulations or changes in public policies, and is exposed to the risk of litigation in the course of its operations. These changes or legal action taken against Circle K Sunkus, or the result of such action, could impact the operating results and financial position of the Group.

[5]Deterioration in Performance of Area Franchisers

The Group grants permission to third parties to operate stores through area franchises. In area franchiser operations, the characteristics of each region are respected and importance is given to

profitability through synergies with other parts of the Group and results-driven business development in each area. However, in light of changes in Japan's consumer culture, intensifying competition, and growing disparity in income levels and regional markets, deteriorating operating performance in some areas is a cause for concern. In dealing with this situation, the Group's policy is to provide the necessary personnel and financial support to area franchisers. However, an unforeseen situation could impact the Group's operating results and financial position.

6. Consolidated Financial Statements

(1) Consolidated balance sheets

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

(Millions of yen)

Fiscal period Account item	Previous interim period (As of August 31, 2005)		Current interim period (As of August 31, 2006)		Last fiscal year (As of February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(ASSETS)						
1. Current assets						
Cash and cash equivalents	55,804		60,889		54,800	
Due from franchised stores	3,178		3,005		3,337	
Marketable securities	23,503		23,210		14,704	
Inventories	3,339		2,314		2,122	
Deferred tax assets	1,230		1,134		1,137	
Other current assets	15,752		17,636		16,404	
Allowance for doubtful accounts	(462)		(614)		(460)	
Total current assets	102,346	46.0	107,575	47.2	92,044	43.5
2. Fixed assets						
Property and equipment						
Buildings and equipment	27,625		30,485		29,375	
Furniture and fixtures	3,782		3,970		3,726	
Land	8,857		8,878		8,864	
Other property and equipment	413		639		484	
Total property and equipment	40,678	18.3	43,974	19.3	42,451	20.0
Intangible fixed assets						
System software	4,156		2,838		3,202	
System software development in progress	-		461		8	
Excess of cost investments over equity in net assets acquired	375		-		218	
Goodwill	-		192		-	
Other intangible fixed assets	2,269		2,376		2,406	
Total intangible fixed assets	6,800	3.1	5,868	2.6	5,836	2.8
Investment and other assets						
Investment in securities	7,209		5,893		7,318	
Deferred tax assets	4,640		3,746		3,371	
Long-term leasehold deposits	54,179		53,813		54,104	
Other investment	7,942		8,253		8,110	
Allowance for doubtful accounts	(1,490)		(1,451)		(1,469)	
Total investment and other assets	72,481	32.6	70,255	30.9	71,435	33.7
Total fixed assets	119,961	54.0	120,098	52.8	119,722	56.5
Total assets	222,308	100.0	227,674	100.0	211,767	100.0

(Millions of yen)

Fiscal period Account item	Previous interim period (As of August 31, 2005)		Current interim period (As of August 31, 2006)		Last fiscal year (As of February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(LIABILITIES)						
1. Current liabilities						
Trade payable	46,703		46,073		36,551	
Due to franchised stores	4,132		3,965		3,054	
Short-term borrowings	49		52		114	
Current portion of long-term debt	-		66		-	
Other accounts payable	7,532		4,850		5,488	
Income taxes payable	5,878		5,087		6,075	
Money held as agent	20,822		24,255		21,335	
Allowance for bonuses to Employees	785		800		768	
Allowance for bonuses to directors	-		34		-	
Other current liabilities	3,602		3,568		3,316	
Total current liabilities	89,506	40.3	88,753	39.0	76,704	36.2
2. Long-term liabilities						
Long-term borrowings	35		77		28	
Allowance for employees' retirement benefits liability	4,625		2,292		2,399	
Leasehold deposits received	12,661		12,297		12,386	
Allowance for impairment loss on leased property	789		1,067		615	
Other long-term liabilities	1,031		1,261		1,240	
Total long-term liabilities	19,143	8.6	16,997	7.4	16,669	7.9
Total liabilities	108,650	48.9	105,750	46.4	93,374	44.1
(MINORITY INTEREST)						
Minority Interest	0	0.0	-	-	0	0.0
(SHAREHOLDERS' EQUITY)						
1. Common stock	8,380	3.8	-	-	8,380	4.0
2. Capital surplus	36,092	16.2	-	-	36,093	17.0
3. Retained earnings	68,337	30.7	-	-	72,907	34.4
4. Net unrealized gains on available-for-sale securities	855	0.4	-	-	1,026	0.5
5. Less, treasury stock	(8)	(0.0)	-	-	(14)	(0.0)
Shareholders' equity	113,657	51.1	-	-	118,392	55.9
Total Liabilities, Minority Interest and Shareholders' Equity	222,308	100.0	-	-	211,767	100.0

(Millions of yen)

Fiscal period Account item	Previous interim period (As of August 31, 2005)		Current interim period (As of August 31, 2006)		Last fiscal year (As of February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(NET ASSETS)		%		%		%
1. Shareholder's equity						
Common stock	-		8,380		-	
Capital surplus	-		36,093		-	
Retained earnings	-		76,606		-	
Less, treasury stock	-		(18)		-	
Total shareholders' equity	-	-	121,062	53.2	-	-
2. Unrealized gains or losses and translation differences, etc.						
Net unrealized gains on available-for-sale securities	-		860		-	
Total unrealized gains or losses and translation differences, etc.	-	-	860	0.4	-	-
3. Minority Interest	-	-	0	0.0	-	-
Net Assets	-	-	121,923	53.6	-	-
Total Liabilities and Net Assets	-	-	227,674	100.0	-	-

(2) Consolidated statements of income

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

(Millions of yen)

Fiscal period Account item	Previous interim period (From March 1, 2005 to August 31, 2005)		Current interim period (From March 1, 2006 to August 31, 2006)		Last fiscal year (From March 1, 2005 to February 28, 2006)	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	Composition ratio %
1. Operating revenues						
Franchise commissions from franchised stores	54,496		53,497		104,415	
Net sales reported by franchised Stores (Figures for excluding non- consolidated area franchised stores.)						
Previous interim period ¥ 444,347 million						
Current interim period ¥ 431,678 million						
Last fiscal year ¥ 852,456 million						
Total net sales of franchised and company-owned stores (Figures for exclude non- consolidated area franchised stores.)						
Previous interim period ¥ 479,110 million						
Current interim period ¥ 469,050 million						
Last fiscal year ¥ 919,824 million						
Other revenues	6,203		6,263		12,406	
2. Net sales of company-owned stores	34,763	[100.0] 36.4	39,218	[100.0] 39.6	67,368	[100.0] 36.6
Total operating revenues	95,463	100.0	98,980	100.0	184,190	100.0
3. Cost of goods sold	26,234	[75.5] 27.5	29,505	[75.2] 29.8	50,931	[75.6] 27.7
Gross profit on sales	[8,529]	[24.5]	[9,713]	[24.8]	[16,436]	[24.4]
Operating gross profit	69,229	72.5	69,475	70.2	133,259	72.3
4. Selling, general and administrative expenses	54,167	56.7	55,306	55.9	107,473	58.3
Operating income	15,061	15.8	14,168	14.3	25,785	14.0

(Millions of yen)

Fiscal period Account item	Previous interim period (From March 1, 2005 to August 31, 2005)		Current interim period (From March 1, 2006 to August 31, 2006)		Last fiscal year (From March 1, 2005 to February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
5.Non-operating income		%		%		%
Interest income	178		212		355	
Dividend income	71		80		87	
Compensation income	246		250		497	
Other non-operating income	67		59		119	
Total non-operating income	562	0.5	601	0.6	1,059	0.6
6.Non-operating expenses						
Interest expense	14		19		28	
Loss on cancellation of lease contracts	786		1,076		1,657	
Loss on allowance for doubtful accounts	70		43		51	
Other non-operating expenses	23		42		76	
Total non-operating expenses	893	0.9	1,182	1.2	1,813	1.0
Recurring profit	14,730	15.4	13,588	13.7	25,031	13.6
7.Extraordinary gains						
Gain on sales of fixed asset	21		65		48	
Gain on sales of securities	61		-		61	
Gain on sales of investments in securities	-		-		0	
Gain on return of allowance for doubtful accounts	28		-		-	
Gain on returning of substitutional portion of Employee Pension Fund	-		-		2,152	
Gain on collection of receivables	167		66		167	
Other extraordinary gains	1		-		3	
Total extraordinary gains	278	0.3	132	0.1	2,432	1.3
8.Extraordinary losses						
Loss on disposal of fixed assets	303		476		892	
Loss on write-down of investment securities	-		228		127	
Loss on cancellation of lease contracts	51		95		154	
Loss on the impairment of fixed assets	4,985		2,580		4,985	
Other extraordinary losses	620		69		1,447	
Total extraordinary losses	5,961	6.2	3,450	3.5	7,606	4.1
Income before income taxes	9,048	9.5	10,270	10.3	19,857	10.8
Income taxes-current	5,705		4,864		9,061	
Income taxes-deferred	(1,948)		(183)		(701)	
Minority interest in earnings of consolidated subsidiaries	0	0.0	(0)	(0.0)	0	(0.0)
Net Income	5,290	5.5	5,589	5.6	11,498	6.2

(3) Consolidated statements of retained earnings

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

(Millions of yen)

Account item	Fiscal period		Previous interim period (From March 1, 2005 to August 31, 2005)		Current interim period (From March 1, 2006 to August 31, 2006)		Last fiscal year (From March 1, 2005 to February 28, 2006)	
	Amount		Amount		Amount		Amount	
(Capital surplus)								
1. Balance of capital surplus at beginning of year			36,091		-		36,091	
2. Increase in capital surplus								
Surplus from transaction in treasury stock	1	1	1	-	-	1	1	
3. Balance of capital surplus at end of the interim (year)			36,092		-		36,093	
(Retained earnings)								
1. Balance of retained earnings at beginning of year			64,829		-		64,829	
2. Increase in retained earnings								
Net income	5,290	5,290	5,290	-	-	11,498	11,498	
3. Decrease in retained earnings								
Dividends	1,723			-		3,359		
Directors' bonuses	60	1,783	1,783	-	-	60	3,419	
4. Balance of retained earnings at end of the interim (year)			68,337		-		72,907	

(4) Consolidated Statement of Changes in Shareholders' Equity

For the First Half of Fiscal 2007 (From March 1, 2006 to August 31, 2006)

(Millions of yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at February 28, 2006	8,380	36,093	72,907	(14)	117,366
Changes during the period					
Dividends on retained earnings			(1,636)		(1,636)
Directors' bonuses			(59)		(59)
Net income			5,589		5,589
Acquisition of treasury stock				(3)	(3)
Cancellation of treasury stock		0		0	0
Increase in consolidated subsidiaries			(194)		(194)
Changes in items other than shareholders' equity (net)					
Total	-	0	3,699	(3)	3,696
Balance at August 31, 2006	8,380	36,093	76,606	(18)	121,062

(Millions of yen)

	Unrealized gains or losses and translation differences, etc.		Minority Interest	Net assets
	Net unrealized gains on available-for-sale securities	Total unrealized gains or losses and translation differences, etc.		
Balance at February 28, 2006	1,026	1,026	0	118,392
Changes during the period				
Dividends on retained earnings				(1,636)
Directors' bonuses				(59)
Net income				5,589
Acquisition of treasury stock				(3)
Cancellation of treasury stock				0
Increase in consolidated subsidiaries				(194)
Changes in items other than shareholders' equity (net)	(165)	(165)	(0)	(165)
Total	(165)	(165)	(0)	3,530
Balance at August 31, 2006	860	860	0	121,923

(5) Consolidated Statements of cash flow

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

(millions of yen)

	Previous interim period (From March 1, 2005 to August 31, 2005)	Current interim period (From March 1, 2006 to August 31, 2006)	Last fiscal year (From March 1, 2005 to February 28, 2006)
	Amount	Amount	Amount
1. Cash flows from operating activities:			
Income before income taxes	9,048	10,270	19,857
Depreciation and amortization	4,211	3,787	8,387
Loss on impairment of fixed assets	4,985	2,580	4,985
Amortization of excess of cost of investments over equity in net assets acquired	53	-	90
Amortization of goodwill	-	81	-
Loss on write-down of investment securities	-	228	127
Gain on sales of investment securities	(61)	-	(43)
Loss on sale of fixed assets	282	410	844
(Decrease) increase in allowance for doubtful receivables	(16)	68	(39)
Increase in accrued bonuses to employees	63	16	46
Increase in accrued bonuses to directors	-	34	-
(Decrease) increase in allowance for employees' retirement benefits	71	(107)	(2,154)
Decrease in allowance for directors' and corporate auditors' severance benefits	(21)	-	(21)
Interest and cash dividends income	(249)	(292)	(442)
Interest expenses	14	19	28
Increase in trade receivables	655	(63)	(394)
(Decrease) increase in inventories	(1,125)	(129)	91
(Decrease) increase in trade and due to franchised stores payable	8,617	9,538	(2,612)
Decrease in other accounts payable and accrued expenses	2,253	(429)	(322)
Increase in money held as agent	3,231	2,679	3,862
Directors' and corporate auditors' bonuses payments	(60)	(59)	(60)
Loss on cancellation of lease contracts	387	524	897
Other	(397)	(495)	22
Sub-total	31,944	28,662	33,150
Interest and dividends received	162	191	268
Interest paid	(1)	(1)	(2)
Income taxes paid	(2,694)	(5,683)	(6,206)
Net cash provided by operating activities	29,410	23,168	27,210

(millions of yen)

	Previous interim period (From March 1, 2005 to August 31, 2005)	Current interim period (From March 1, 2006 to August 31, 2006)	Last fiscal year (From March 1, 2005 to February 28, 2006)
	Amount	Amount	Amount
2. Cash flows from investing activities:			
Decrease in marketable securities	700	500	700
Increase in property and equipment	(3,903)	(5,619)	(8,067)
Decrease in property and equipment	164	202	321
Increase in intangible fixed assets and long-term prepaid expenses	(1,805)	(1,334)	(2,991)
Increase in investment securities	(1,677)	(750)	(1,869)
Decrease in investment securities	0	4	25
Payments for the acquisition of newly consolidated subsidiaries	-	115	-
Proceeds from long-term advances received	5	98	412
Increase in loans receivable	(1,344)	(1,414)	(2,649)
Correction of loans receivable	1,389	1,485	2,755
Increase in long-term leasehold deposits	(3,265)	(3,330)	(6,691)
Collection of fixed leasehold deposits	2,186	2,777	4,780
Other	3	17	43
Net cash used in investing activities	(7,545)	(7,247)	(13,229)
3. Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(120)	(166)	(55)
Repayments of long-term debt	(7)	(82)	(14)
Dividends paid	(1,723)	(1,637)	(3,359)
Increase in guarantee deposits received	740	452	1,188
Decrease in guarantee deposits received	(865)	(907)	(1,750)
Other	1	(3)	(7)
Net cash used in financing activities	(1,977)	(2,343)	(3,998)
4. Net change in cash and cash equivalents	19,887)	13,577	9,983
5. Cash and cash equivalents at beginning of year	58,820	68,803	58,820
6. Net change in cash and cash equivalents by consolidation of newly subsidiaries	-	1,518	-
7. Cash and cash equivalents, end of the First Half (year)	78,707	83,899	68,803

Non-consolidated Financial Statements

(1) Non-consolidated balance sheets

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

(Millions of yen)

Fiscal period Account item	Previous interim period (As of August 31, 2005)		Current interim period (As of August 31, 2006)		Last fiscal year (As of February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(ASSETS)						
1. Current assets						
Cash and cash equivalents	55,498		57,838		54,312	
Due from franchised stores	3,072		2,814		3,218	
Marketable securities	23,503		23,210		14,704	
Inventories	3,283		2,200		2,070	
Deferred tax assets	1,224		1,128		1,135	
Other current assets	15,982		18,243		17,112	
Allowance for doubtful accounts	(451)		(618)		(464)	
Total current assets	102,114	46.4	104,818	47.1	92,089	43.9
2. Fixed assets						
Property and equipment						
Buildings	21,226		22,186		22,445	
Furniture and fixtures	3,764		3,901		3,703	
Land	8,857		8,878		8,864	
Other property and equipment	5,545		6,397		6,098	
Total property and equipment	39,393	17.9	41,364	18.6	41,111	19.6
Intangible fixed assets						
System software	4,155		2,819		3,202	
System software development in progress	-		461		8	
Other intangible fixed assets	2,252		2,449		2,389	
Total intangible fixed assets	6,408	2.9	5,730	2.5	5,600	2.7
Investment and other assets						
Investment in securities	4,792		4,622		4,900	
Investment in subsidiaries and affiliated company	3,017		3,783		3,099	
Deferred tax assets	4,523		3,746		3,271	
Long-term leasehold deposits	53,299		52,000		53,145	
Other investment	7,619		7,832		7,779	
Allowance for doubtful accounts	(1,272)		(1,195)		(1,245)	
Total investment and other assets	71,980	34.3	70,789	31.8	70,951	33.8
Total fixed assets	117,782	55.8	117,883	52.9	117,664	56.1
Total assets	219,896	100.0	222,702	100.0	209,753	100.0

(Millions of yen)

Fiscal period Account item	Previous interim period (As of August 31, 2005)		Current interim period (As of August 31, 2006)		Last fiscal year (As of February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(LIABILITIES)						
1.Current liabilities						
Trade payable	45,598		43,818		35,622	
Due to franchised stores	3,931		3,666		2,898	
Other accounts payable	7,241		4,162		5,361	
Income taxes payable	5,863		4,894		6,062	
Money held as agent	20,414		23,394		20,904	
Allowance for bonuses to employees	771		772		754	
Allowance for bonuses to directors	-		29		-	
Other current liabilities	3,535		3,416		3,239	
Total current liabilities	87,354	39.7	84,154	37.8	74,844	35.7
2.Long-term liabilities						
Allowance for employees' retirement benefits liability	4,607		2,271		2,379	
Leasehold deposits received	12,546		11,993		12,275	
Long-term income in advance	827		1,079		1,086	
Allowance for impairment loss on leased property	724		984		570	
Other long-term liabilities	54		70		54	
Total long-term liabilities	18,760	8.6	16,398	7.4	16,366	7.8
Total liabilities	106,114	48.3	100,553	45.2	91,211	43.5
(SHAREHOLDERS' EQUITY)						
1.Common stock						
	8,380	3.8	-	-	8,380	4.0
2.Capital surplus						
Additional paid-in capital	36,090		-		36,090	
Other capital surplus	1		-		2	
Total capital surplus	36,092	16.4	-	-	36,093	17.2
3.Retained earnings						
Legal reserve	687		-		687	
Voluntary reserve	60,421		-		60,421	
Unappropriated retained earnings	7,352		-		11,948	
Total retained earnings	68,461	31.1	-	-	73,057	34.8
4.Net unrealized gains on available-for-sale securities						
	855	0.4	-	-	1,026	0.5
5.Less, treasury stock						
	(8)	(0.0)	-	-	(14)	(0.0)
Shareholders' equity	113,782	51.7	-	-	118,542	56.5
Total Liabilities, Minority Interest and Shareholders' Equity	219,896	100.0	-	-	209,753	100.0

(Millions of yen)

Fiscal period Account item	Previous interim period (As of August 31, 2005)		Current interim period (As of August 31, 2006)		Last fiscal year (As of February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(NET ASSETS)		%		%		%
1. Shareholder's equity						
Common stock	-	-	8,380	3.8	-	-
Capital surplus						
Additional paid-in capital	-	-	36,090		-	-
Other capital surplus	-	-	3		-	-
Total Capital surplus	-	-	36,093	16.2	-	-
Retained earnings						
Legal reserve	-	-	687		-	-
Other retained earnings						
General reserve	-	-	68,921		-	-
Retained earnings carried forward	-	-	7,221		-	-
Total Retained earnings	-	-	76,830	34.5	-	-
Treasury stock	-	-	(18)	(0.0)	-	-
Total shareholders' equity	-	-	121,286	54.5	-	-
2. Unrealized gains or losses and translation differences, etc.						
Net unrealized gains on available-for-sale securities	-	-	862		-	-
Total unrealized gains or losses and translation differences, etc.	-	-	862	0.3	-	-
Net Assets	-	-	122,148	54.8	-	-
Total Liabilities and Net Assets	-	-	222,702	100.0	-	-

(2) Non-consolidated statements of income

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

(Millions of yen)

Fiscal period Account item	Previous interim period (From March 1, 2005 to August 31, 2005)		Current interim period (From March 1, 2006 to August 31, 2006)		Last fiscal year (From March 1, 2005 to February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
1. Operating revenues		%		%		%
Franchise commissions from franchised stores	53,513		51,711		102,517	
<p style="margin-left: 20px;">Net sales reported by franchised Stores (Figures for excluding non- consolidated area franchised stores.)</p> <p style="margin-left: 40px;">Previous interim period ¥ 434,248 million</p> <p style="margin-left: 40px;">Current interim period ¥ 413,540 million</p> <p style="margin-left: 40px;">Last fiscal year ¥ 833,009 million</p> <p style="margin-left: 20px;">Total net sales of franchised and company-owned stores (Figures for exclude non- consolidated area franchised stores.)</p> <p style="margin-left: 40px;">Previous interim period ¥ 468,141 million</p> <p style="margin-left: 40px;">Current interim period ¥ 449,121 million</p> <p style="margin-left: 40px;">Last fiscal year ¥ 898,741 million</p>						
Other revenues	6,184		6,224		12,364	
2. Net sales of company-owned stores	33,893	[100.0] 36.2	35,581	[100.0] 38.0	65,732	[100.0] 36.4
Total operating revenues	93,590	100.0	93,517	100.0	180,613	100.0
3. Cost of goods sold	25,574	[75.5] 27.3	26,764	[75.2] 28.6	49,693	[75.6] 27.5
Gross profit on sales	[8,318]	[24.5]	[8,816]	[24.8]	[16,038]	[24.4]
Operating gross profit	68,015	72.7	66,752	71.4	130,919	72.5
4. Selling, general and administrative expenses	53,040	56.7	53,030	56.7	105,220	58.3
Operating income	14,975	16.0	13,722	14.7	25,699	14.2

(Millions of yen)

Fiscal period Account item	Previous interim period (From March 1, 2005 to August 31, 2005)		Current interim period (From March 1, 2006 to August 31, 2006)		Last fiscal year (From March 1, 2005 to February 28, 2006)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
5.Non-operating income						
Total non-operating income	542	0.5	580	0.6	1,028	0.6
6.Non-operating expenses						
Total non-operating expenses	877	0.9	1,130	1.2	1,782	1.0
Recurring profit	14,640	15.6	13,172	14.1	24,944	13.8
7.Extraordinary gains						
Total extraordinary gains	271	0.3	132	0.2	2,429	1.3
8.Extraordinary losses						
Total extraordinary losses	5,654	6.0	3,511	3.8	7,296	4.0
Income before income taxes	9,257	9.9	9,792	10.5	20,077	11.1
Income taxes-current	5,692		4,679		9,054	
Income taxes-deferred	(1,867)		(356)		(642)	
Net Income	5,433	5.8	5,469	5.9	11,665	6.5
Unappropriated retained earnings- carried forward	1,919		-		1,919	
Interim cash dividends	-		-		1,636	
Unappropriated retained earnings- at end of the interim (year)	7,352		-		11,948	

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

For the First Half of Fiscal 2007 (From March 1, 2006 to May 31, 2006)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Total share-holders' equity
		Additional paid-in capital	Other capital surplus	Total		Other retained earnings		Total		
						General reserve	Retained earnings carried forward			
Balance at February 28, 2006	8,380	36,090	2	36,093	687	60,421	11,948	73,057	(14)	117,516
Changes during the period										
Dividends on retained earnings							(1,636)	(1,636)		(1,636)
Directors' bonuses							(59)	(59)		(59)
Net income							5,469	5,469		5,469
Acquisition of treasury stock									(3)	(3)
Cancellation of treasury stock			0	0					0	0
Transfers between reserves						8,500	(8,500)	-		-
Changes in items other than share-holders' equity (net)										
Total			0	0		8,500	(4,726)	3,773	(3)	3,770
Balance at August 31, 2006	8,380	36,090	3	36,093	687	68,921	7,221	76,830	(18)	121,286

(Millions of yen)

	Unrealized gains or losses and translation differences, etc.		Net assets
	Net unrealized gains on available-for-sale securities	Total unrealized gains or losses and translation differences, etc.	
Balance at February 28, 2006	1,026	1,026	118,542
Changes during the period			
Dividends on retained earnings			(1,636)
Directors' bonuses			(59)
Net income			5,469
Acquisition of treasury stock			(3)
Cancellation of treasury stock			0
Transfers between reserves			-
Changes in items other than shareholders' equity (net)	(163)	(163)	(163)
Total	(163)	(163)	3,606
Balance at August 31, 2006	862	862	122,148