

Summary of Consolidated Financial Statements for the First Quarter Ended May 31, 2007

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: The companies adopted a simplified method.

(2) Change in accounting methods: Yes

Accounting Standard for Allowance for incentive points in the Balance Sheet

(3) Changes in scope of consolidation and application of equity method: Yes (Consolidation: (New) 1 company)

2. Results for the First Quarter of Fiscal 2008 (March 1, 2007 to May 31, 2007)

(1) Consolidated Operating Results

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

	Operating revenue [Total sales]		Operating income		Recurring profit	
	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %
1st Quarter ended 5/07	50,431 [225,789]	5.7 [(0.7)]	4,929	(17.8)	4,578	(17.4)
1st Quarter ended 5/06	47,715 [227,381]	3.3 [(2.5)]	5,997	(0.7)	5,543	(6.7)
(Ref.) Year ended 2/07	194,392 [911,281]		23,113		22,110	

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
1st Quarter ended 5/07	1,095	(34.0)	13.08	-
1st Quarter ended 5/06	1,659	241.5	18.57	-
(Ref.) Year ended 2/07	10,237		119.92	-

(Note) Figures for the percent columns indicate percentage changes in operating revenue, total sales excluding ZERO NETWORKS Co., Ltd. and 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 liabilities and equity	Total equity	Equity ratio	Total equity per share
	Millions of yen	Millions of yen	%	Yen
1st Quarter ended 5/07	234,390	119,061	50.8	1,420.29
1st Quarter ended 5/06	226,198	117,924	52.1	1,368.16
(Ref.) Year ended 2/07	212,377	119,883	56.4	1,431.27

(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
1st Quarter ended 5/07	25,917	(5,390)	(1,787)	84,198
1st Quarter ended 5/06	19,093	(5,436)	(1,938)	82,040
(Ref.) Year ended 2/07	19,701	(15,209)	(9,856)	64,957

3. Non-Consolidated Dividends Status of the First Quarter of Fiscal 2008

	Dividends per share (yen)
Record date	End of the 1st Quarter
1st Quarter ended 5/07	-
1st Quarter ended 5/06	-

4. Forecast of Consolidated Results for the Year Ending February 29, 2008

	Operating revenue [Total sales]	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
2008 interim period	102,660 [467,340]	10,640	3,340
2008 fiscal year	198,400 [913,570]	20,000	7,600

(Reference) Projected net income per share for Fiscal Year ending February 29, 2008 : JPY 90.74

- (Note) 1. The forecast of consolidated results for the year ending February 29, 2008 are unchanged from April 10, 2007.
2. 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.

5. Overview of First-quarter Consolidated Operating Results

(1) Qualitative Information Concerning Consolidated Operating Results

In the first quarter of fiscal 2008, the three-month period ended May 31, 2007, Circle K Sunkus reported an improvement in overall sales. Existing store sales, for example, were mostly on a par with the first quarter of the previous year in not just the mainstay Kanto and Chukyo regions but also in Hokkaido. This was partly due to generally favorable weather with high temperatures on many days. Overall, existing store sales declined 1.1% at Circle K Sunkus on a cumulative basis in the first quarter. By convenience store chain, existing store sales decreased 0.9% at Circle K and 1.5% at Sunkus year on year.

Consequently, total store sales, including Circle K Sunkus' five consolidated subsidiaries in the convenience store business, edged down 0.7% year on year to ¥225,789 million.

Incidentally, 99 Ichiba Co., Ltd., an operator of new-format supermarkets offering an extensive lineup of fresh foods, became a consolidated subsidiary of Circle K Sunkus in the first quarter of fiscal 2008.

[Monthly Sales Compared With the Previous Fiscal Year]

	(%)			
	March	April	May	Total
Existing stores	(1.3)	(1.1)	(1.0)	(1.1)
All stores	(1.1)	(0.9)	(0.9)	(1.0)

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

On the product side, Circle K Sunkus made a strong start in the first quarter. In May 2007, the Company launched a new original baked goods brand called *Magokoro Jikomi Oishii Pan Seikatsu* that combines the original bread product lines that had been developed independently by Circle K and Sunkus. Concurrent with this launch, Circle K Sunkus began an incentive-point collection campaign called *Tom and Jerry Ezara Present* (Tom and Jerry Plate Giveaway). Meanwhile, integration of vendor and logistics networks in the fresh food and perishable food categories, under way since April 2006, is progressing on schedule. In the first quarter, integration was completed in the Chukyo, Niigata and Tohoku regions. Plans call for the completion of integration in all regions by fall 2007, paving the way for Circle K Sunkus to achieve further reductions in purchasing costs and improvements in product quality by pursuing economies of scale.

Turning to services, in May, Circle K Sunkus unveiled a 24-hour pickup service at Circle K and Sunkus stores nationwide for products purchased at Internet mail-order sites. In fiscal 2006, Circle K Sunkus handled just over ¥900 billion in funds as an agent for the payment of customers' bills, of which mail-order sales payments accounted for 20%. Accordingly, the Company determined that there was adequate demand for pickup services for mail-order products at convenience stores.

Transaction volumes for Edy electronic money have been growing year after year. As of May 31, 2007, Circle K Sunkus had sold more than 850,000 *KARUWAZA CLUB* house cards with Edy electronic money, and *KARUWAZA CLUB* membership had surpassed the 240,000 mark. In April, Circle K Sunkus began rolling out a system for individuals to register as cardless members. The Company plans to grow its loyal customer base by signing up even more members going forward.

Furthermore, Circle K Sunkus has reached a basic agreement with Resona Bank on a partnership to successively install ATMs under the original brand Bank Time, for which Resona Bank will be the principal bank, at stores in the Kansai region from February 2008. As of May 31, 2007, Circle K Sunkus had already installed 3,065 ATMs at stores mainly in the Chukyo and Kanto regions. This agreement will expand Circle K Sunkus' ATM service network to the Kansai region, where only the Chukyo and Kanto regions have a more

dominant store presence. This move will enable Circle K Sunkus to further increase customer footfall at stores and boost sales.

On the store development front, Circle K Sunkus worked to improve total profitability across both the Circle K and Sunkus chains by stepping up relocations and closing unprofitable stores. Meanwhile, the Company pressed ahead with store development measures prioritizing the quality of stores in terms of average daily sales per store and profitability. Consequently, Circle K Sunkus, including its five consolidated subsidiaries, opened 71 stores (including ten 99 Ichiba stores) and closed 141 (including one 99 Ichiba store) during the first quarter, bringing the total number of stores as of May 31, 2007 to 5,316 (including 27 99 Ichiba stores). In addition, the total number of stores for the entire Circle K Sunkus Group, including non-consolidated area franchisers, was 6,279.

For the first quarter of fiscal 2008, consolidated operating revenues rose 5.7% to ¥50,431 million, primarily due to an increase in consolidated subsidiaries. Operating income was down 17.8% year on year at ¥4,929 million. Recurring profit decreased 17.4% to ¥4,578 million, chiefly reflecting an increase in the loss on cancellation of lease contracts accompanying the closure of stores ahead of schedule, centering on Company-owned stores. Furthermore, net income dropped 34.0% to ¥1,095 million.

(2) Qualitative Information Concerning Changes in Consolidated Financial Position

[1] Changes in Consolidated Financial Position

As of May 31, 2007, total assets were ¥234,390 million, ¥22,013 million higher than at the previous fiscal year-end. Meanwhile, net assets declined ¥821 million to ¥119,061 million. As a result, the equity ratio was 50.8%.

[2] Cash Flows

As of May 31, 2007, cash and cash equivalents were ¥84,198 million, increasing ¥19,241 million, or 29.6%, from a year earlier, mainly due to the addition of one newly consolidated subsidiary.

Net cash provided by operating activities was ¥25,917 million, 35.7% more than in the previous fiscal year. The main sources of cash were income before income taxes and minority interests of ¥2,009 million and an increase of ¥19,063 million in money held as agent for payments of utility and other bills that are accepted at convenience stores.

Net cash used in investing activities was ¥5,390 million, 0.8% less than in the previous fiscal year. Cash was mainly used for payments of ¥3,272 million for purchases of property and equipment and ¥1,867 million for long-term leasehold deposits.

Financing activities used net cash of ¥1,787 million, 7.8% less than in the previous fiscal year, mainly reflecting dividends paid of ¥1,592 million.

(3) Qualitative Information Concerning Forecasts for Fiscal 2008

As of the date of release of this report, Circle K Sunkus has not revised its forecasts for fiscal 2008, which were initially announced on April 10, 2007, as operating results were largely in line with forecasts.

*Forecasts for the interim period and full fiscal year reflect the Company's outlook, assumptions underlying plans and projections as of the date of release of this report. Actual results could therefore differ from forecasts due to a variety of factors.

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 1st Quarter (As of May 31, 2006)		Current 1st Quarter (As of May 31, 2007)		Last fiscal year (As of February 28, 2007)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(ASSETS)		%		%		%
1. Current assets						
Cash and cash equivalents	65,036		67,977		50,945	
Due from franchised stores	3,361		3,387		3,404	
Marketable securities	17,704		17,021		14,011	
Inventories	2,293		2,715		2,490	
Deferred tax assets	1,013		1,126		867	
Other current assets	18,328		20,113		17,188	
Allowance for doubtful accounts	(507)		(415)		(396)	
Total current assets	107,229	47.4	111,926	47.8	88,511	41.7
2. Fixed assets						
Property and equipment						
Buildings and structures	29,721		31,641		32,437	
Furniture and fixtures	3,821		3,911		4,072	
Land	8,892		8,642		8,944	
Other property and equipment	568		888		865	
Total property and equipment	43,004	19.0	45,083	19.2	46,319	21.8
Intangible fixed assets						
Software	3,020		2,916		3,047	
Software development in progress	461		696		569	
Goodwill	414		117		144	
Other intangible fixed assets	2,276		2,598		2,590	
Total intangible fixed assets	6,171	2.7	6,328	2.7	6,351	3.0
Investments and other assets						
Investment securities	6,010		5,115		5,832	
Deferred tax assets	3,024		4,421		3,644	
Long-term leasehold deposits	54,038		53,594		54,053	
Other investments	8,204		9,308		9,117	
Allowance for doubtful accounts	(1,485)		(1,388)		(1,454)	
Total investments and other assets	69,793	30.9	71,052	30.3	71,193	33.5
Total fixed assets	118,969	52.6	122,464	52.2	123,865	58.3
Total assets	226,198	100.0	234,390	100.0	212,377	100.0

(Millions of yen)

Fiscal period Account item	Previous 1st Quarter (As of May 31, 2006)		Current 1st Quarter (As of May 31, 2007)		Last fiscal year (As of February 28, 2007)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(LIABILITIES)						
1. Current liabilities						
Trade payables	42,325		42,195		36,470	
Due to franchised stores	3,456		2,752		2,672	
Short-term borrowings	93		-		-	
Current portion of long-term debt	66		-		-	
Other accounts payable	4,575		4,351		5,738	
Income taxes payable	681		1,848		3,617	
Money held as agent	34,790		42,687		23,641	
Accrued employees' bonuses	1,466		1,474		765	
Accrued directors' bonuses	14		15		46	
Allowance for incentive points	-		60		-	
Other current liabilities	3,498		3,419		3,133	
Total current liabilities	90,969	40.2	98,804	42.2	76,086	35.9
2. Long-term liabilities						
Long-term debt	94		-		-	
Employee retirement benefit liability	2,332		2,451		2,380	
Guarantee deposits received	12,409		11,597		11,753	
Allowance for impairment loss on leased property	1,191		1,432		1,150	
Other long-term liabilities	1,277		1,042		1,124	
Total long-term liabilities	17,305	7.7	16,524	7.0	16,407	7.7
Total liabilities	108,274	47.9	115,328	49.2	92,493	43.6
(Equity)						
1. Shareholder's equity						
Common stock	8,380		8,380		8,380	
Capital surplus	36,093		36,093		36,093	
Retained earnings	72,676		78,827		79,617	
Less, treasury stock, at cost	(17)		(5,022)		(5,021)	
Total shareholders' equity	117,133	51.8	118,278	50.5	119,070	56.1
2. Unrealized gains or losses and translation differences, etc.						
Net unrealized gains on available-for-sale securities	790		683		812	
Total unrealized gains or losses and translation differences, etc.	790	0.3	683	0.3	812	0.4
3. Minority Interests	0	0.0	99	0.0	0	0.0
Total equity	117,924	52.1	119,061	50.8	119,883	56.4
Total liabilities and net assets	226,198	100.0	234,390	100.0	212,377	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 1st Quarter (From March 1, 2006 to May 31, 2006)		Current 1st Quarter (From March 1, 2007 to May 31, 2007)		Last fiscal year (From March 1, 2006 to February 28, 2007)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
1. Operating revenue		%		%		%
Franchise commissions from franchised stores	25,819		25,399		102,709	
Net sales reported by franchised Stores (Figures for excluding non- consolidated area franchised stores.)						
Previous 1st Quarter ¥ 209,446 million						
Current 1st Quarter ¥ 204,881 million						
Last fiscal year ¥ 835,868 million						
Total net sales of franchised and company-owned stores (Figures for exclude non- consolidated area franchised stores.)						
Previous 1st Quarter ¥ 227,381 million						
Current 1st Quarter ¥ 225,789 million						
Last fiscal year ¥ 911,281 million						
Other revenue	3,114		3,057		12,437	
2. Net sales of Company-owned stores	18,781	[100.0]	21,974	[100.0]	79,245	[100.0]
Operating revenue	47,715	100.0	50,431	100.0	194,392	100.0
3. Cost of goods sold	14,159	[75.4] 29.7	16,810	[76.5] 33.3	60,359	[76.2] 31.1
Gross profit on sales	[4,622]	[24.6]	[5,163]	[23.5]	[18,886]	[23.8]
Operating gross profit	33,555	70.3	33,620	66.7	134,033	68.9
4. Selling, general and administrative Expenses	27,557	57.7	28,690	56.9	110,920	57.0
Operating income	5,997	12.6	4,929	9.8	23,113	11.9

(Millions of yen)

Fiscal period Account item	Previous 1st Quarter (From March 1, 2006 to May 31, 2006)		Current 1st Quarter (From March 1, 2007 to May 31, 2007)		Last fiscal year (From March 1, 2006 to February 28, 2007)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
5. Non-operating income		%		%		%
Interest income	50		62		457	
Dividend income	64		73		99	
Compensation income	70		148		456	
Other non-operating income	25		33		198	
Total non-operating income	211	0.4	318	0.6	1,211	0.6
6. Non-operating expenses						
Interest expense	9		10		41	
Lease contract cancellation expenses	641		651		2,011	
Other non-operating expenses	15		6		160	
Total non-operating expenses	666	1.4	669	1.3	2,213	1.1
Recurring profit	5,543	11.6	4,578	9.1	22,110	11.4
7. Extraordinary gains						
Gain on sales of property and equipment	16		9		134	
Gain on collection of receivables	66		-		81	
Other extraordinary gains	-		81		807	
Total extraordinary gains	83	0.2	90	0.2	1,024	0.5
8. Extraordinary losses						
Loss on disposal of property and equipment	221		249		1,037	
Loss on write-down of investment securities	-		-		228	
Loss on cancellation of lease contracts	23		26		152	
Impairment loss on fixed assets	2,398		2,376		3,169	
Other extraordinary losses	35		7		160	
Total extraordinary losses	2,678	5.6	2,659	5.3	4,748	2.4
Income before income taxes	2,948	6.2	2,009	4.0	18,386	9.5
Income taxes-current	584	1.2	1,889	3.8	7,932	4.1
Income taxes-deferred	704	1.5	(949)	(1.9)	217	0.1
Minority interest in (losses) income of consolidated subsidiary	(0)	(0.0)	(26)	(0.1)	(0)	(0.0)
Net Income	1,659	3.5	1,095	2.2	10,237	5.3

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous First Quarter of Fiscal 2007 (From March 1, 2006 to May 31, 2006)

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

(Millions of yen)

	Shareholder's equity					Unrealized gains or losses and translation differences, etc.		Minority Interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Total unrealized gains or losses and translation differences, etc.		
Balance at February 28, 2006	8,380	36,093	72,907	(14)	117,366	1,026	1,026	0	118,392
Changes during the period									
Cash dividends			(1,636)		(1,636)				(1,636)
Directors' bonuses			(59)		(59)				(59)
Net income			1,659		1,659				1,659
Net change in treasury stock				(2)	(2)				(2)
Cancellation of treasury stock		0		0	0				0
Increase in consolidated subsidiaries			(194)		(194)				(194)
Changes in items other than shareholders' equity						(235)	(235)	(0)	(235)
Total	-	0	(230)	(2)	(233)	(235)	(235)	(0)	(468)
Balance at May 31, 2006	8,380	36,093	72,676	(17)	117,133	790	790	0	117,924

Current First Quarter of Fiscal 2008 (From March 1, 2007 to May 31, 2007)

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

(Millions of yen)

	Shareholder's equity					Unrealized gains or losses and translation differences, etc.		Minority Interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Total unrealized gains or losses and translation differences, etc.		
Balance at February 28, 2007	8,380	36,093	79,617	(5,021)	119,070	812	812	0	119,883
Changes during the period									
Cash dividends			(1,591)		(1,591)				(1,591)
Net income			1,095		1,095				1,095
Acquisition of treasury stock				(0)	(0)				(0)
Net change in treasury stock		0		0	0				0
Increase in consolidated subsidiaries			(294)		(294)				(294)
Changes in items other than shareholders' equity						(129)	(129)	99	(29)
Total	-	0	(790)	(0)	(791)	(129)	(129)	99	(821)
Balance at May 31, 2007	8,380	36,093	78,827	(5,022)	118,278	683	683	99	119,061

For the Fiscal year 2007 (From March 1, 2006 to February 28, 2007)

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

(Millions of yen)

	Shareholder's equity					Unrealized gains or losses and translation differences, etc.		Minority Interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for-sale securities	Total unrealized gains or losses and translation differences, etc.		
Balance at February 28, 2006	8,380	36,093	72,907	(14)	117,366	1,026	1,026	0	118,392
Changes during the period									
Cash dividends			(3,273)		(3,273)				(3,273)
Directors' bonuses			(59)		(59)				(59)
Net income			10,237		10,237				10,237
Net change in treasury stock				(5,007)	(5,007)				(5,007)
Cancellation of treasury stock		0		0	1				1
Increase in consolidated subsidiaries			(194)		(194)				(194)
Changes in items other than shareholders' equity						(213)	(213)	(0)	(213)
Total	-	0	6,710	(5,006)	1,703	(213)	(213)	(0)	1,490
Balance at February 28, 2007	8,380	36,093	72,617	(5,021)	119,070	812	812	0	119,883

(4) Consolidated Statements of Cash Flows

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

(millions of yen)

	Previous 1st Quarter (From March 1, 2006 to May 31, 2006)	Current 1st Quarter (From March 1, 2007 to May 31, 2007)	Last fiscal year (From March 1, 2006 to February 28, 2007)
	Amount	Amount	Amount
1. Cash flows from operating activities:			
Income before income taxes	2,948	2,009	18,386
Depreciation and amortization	1,892	1,778	7,766
Impairment loss on fixed assets	2,398	2,376	3,169
Amortization of goodwill	40	19	122
Loss on write-down of investment securities	-	-	228
Loss on sale or disposal of property and equipment	204	240	902
(Decrease) increase in allowance for doubtful accounts	(3)	(46)	(147)
Increase (decrease) in accrued bonuses to employees	697	701	(17)
Increase in accrued bonuses to directors	-	(33)	46
(Decrease) increase in employee retirement benefit liability	(66)	(18)	(132)
Interest and cash dividends income	(115)	(135)	(556)
Interest expenses	9	10	41
(Increase) decrease in trade receivable	(1,194)	(2,037)	(347)
Decrease (increase) in inventories	(108)	(155)	(305)
(Decrease) increase in trade and due to franchised stores payable	5,282	5,648	(1,357)
Decrease in other accounts payable and accrued expenses	(389)	(101)	(427)
(Decrease) increase in money held as agent	13,109	19,063	2,165
Directors' bonus payments	(59)	-	(59)
Lease contract cancellation expenses	329	367	986
Other	56	(310)	(903)
Sub-total	25,028	29,377	29,562
Interest and dividends received	114	134	344
Interest paid	(0)	(0)	(3)
Income taxes paid	(6,049)	(3,594)	(10,201)
Net cash provided by operating activities	19,093	25,917	19,701

(millions of yen)

	Previous 1st Quarter (From March 1, 2006 to May 31, 2006)	Current 1st Quarter (From March 1, 2007 to May 31, 2007)	Last fiscal year (From March 1, 2006 to February 28, 2007)
	Amount	Amount	Amount
2. Cash flows from investing activities:			
Payments for time deposits	-	(800)	(800)
Proceeds from repayment of time deposits	-	-	800
Decrease in marketable securities	-	-	700
Increase in property and equipment	(3,782)	(3,272)	(10,468)
Decrease in property and equipment	94	59	419
Increase in intangible fixed assets and long-term prepaid expenses	(840)	(540)	(3,401)
Increase in investment securities	(750)	(300)	(1,146)
Decrease in investment securities	-	-	154
Increase in cash through acquisition of a consolidated subsidiary	117	-	115
Proceeds from long-term advances received	48	4	148
Increase in loans receivable	(721)	(602)	(2,572)
Collection of loans receivable	704	625	2,902
Increase in long-term leasehold deposits	(1,490)	(1,867)	(7,318)
Collection of fixed leasehold deposits	1,173	1,293	5,234
Other	9	(9)	22
Net cash used in investing activities	(5,436)	(5,390)	(15,209)
3. Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(125)	-	(218)
Repayment of long-term debt	(65)	-	(226)
Increase in treasury stock	-	(0)	(5,007)
Dividends paid	(1,538)	(1,592)	(3,273)
Increase in guarantee deposits received	279	227	815
Decrease in guarantee deposits received	(485)	(421)	(1,942)
Other	(2)	0	(4)
Net cash used in financing activities	(1,938)	(1,787)	(9,856)
4. Net (decrease) increase in cash and cash equivalents	11,718	18,738	(5,364)
5. Cash and cash equivalents at beginning of year	68,803	64,957	68,803
6. Increase in cash and cash equivalents upon inclusion of additional subsidiaries on consolidation	1,518	502	1,518
7. Cash and cash equivalents, end of the 1st Quarter (year)	82,040	84,198	64,957

Summary of Non-Consolidated Financial Statements for the First Quarter Ended May 31, 2007

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: The companies adopted a simplified method.

(2) Change in accounting methods: Yes (Accounting Standard for Allowance for incentive points in the Balance Sheet)

2. Results for the First Quarter of Fiscal 2008 (March 1, 2007 to May 31, 2007)

(1) Non-Consolidated Operating Results Notes: All amounts less than one million yen have been omitted.

	Operating revenue [Total sales]		Operating income		Recurring profit	
	Millions of yen	Change %	Millions of yen	Change %	Millions of yen	Change %
1st Quarter ended 5/07	46,751 [215,656]	3.7 [(1.0)]	5,041	(13.3)	4,688	(13.0)
1st Quarter ended 5/06	45,095 [217,749]	(0.3) [(4.5)]	5,818	(3.4)	5,389	(8.9)
(Ref.) Year ended 2/07	183,521 [872,844]		22,935		21,834	

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
1st Quarter ended 5/07	1,297	(25.8)	15.49	-
1st Quarter ended 5/06	1,749	156.9	19.62	-
(Ref.) Year ended 2/07	10,405		121.88	-

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

(2) Non-Consolidated Financial Position

	Total liabilities and equity	Total equity	Equity ratio	Total equity per share
	Millions of yen	Millions of yen	%	Yen
1st Quarter ended 5/07	229,961	119,973	52.2	1,432.36
1st Quarter ended 5/06	221,494	118,359	53.4	1,373.22
(Ref.) Year ended 2/07	208,449	120,397	57.8	1,437.41

3. Forecast of Non-Consolidated Results for the Year Ending February 29, 2008

	Operating revenue [Total sales]		Recurring profit	Net income
	Millions of yen		Millions of yen	Millions of yen
2008 interim period	94,690	[445,890]	11,320	4,340
2008 fiscal year	181,110	[869,780]	21,070	9,060

(Reference) Projected net income per share for Fiscal Year ending February 29, 2008 : JPY108.17

(Note) 1. The forecast of non-consolidated results for the year ending February 29, 2008 are unchanged from April 10, 2007.

2. 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.

4. 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 1st Quarter (As of May 31, 2006)		Current 1st Quarter (As of May 31, 2007)		Last fiscal year (As of February 28, 2007)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(ASSETS)						
1. Current assets						
Cash and cash equivalents	62,205		64,460		48,357	
Due from franchised stores	3,155		3,147		3,186	
Marketable securities	17,704		17,021		14,011	
Inventories	2,181		2,491		2,364	
Deferred tax assets	986		1,118		918	
Short-term loans receivable for subsidiaries	440		1,350		1,350	
Other accounts receivable	11,356		12,739		10,030	
Other current assets	6,988		7,599		7,212	
Allowance for doubtful accounts	(474)		(550)		(528)	
Total current assets	104,543	47.2	109,379	47.6	86,903	41.7
2. Fixed assets						
Property and equipment						
Buildings	21,755		22,986		23,663	
Furniture and fixtures	3,768		3,820		3,986	
Land	8,892		8,611		8,914	
Other property and equipment	6,059		6,828		7,061	
Total property and equipment	40,477	18.3	42,247	18.3	43,626	20.9
Intangible fixed assets						
System software	3,009		2,891		3,021	
System software development in progress	461		696		569	
Other intangible fixed assets	2,368		2,598		2,625	
Total intangible fixed assets	5,838	2.6	6,186	2.7	6,216	3.0
Investment and other assets						
Investment in securities	4,511		4,327		4,543	
Investment in subsidiaries and affiliated company	4,452		4,102		3,802	
Long-term loans receivable for subsidiaries	57		43		47	
Deferred tax assets	2,836		4,419		3,642	
Long-term leasehold deposits	52,355		51,603		52,245	
Other investment	7,646		8,861		8,680	
Allowance for doubtful accounts	(1,225)		(1,210)		(1,258)	
Total investment and other assets	70,635	31.9	72,147	31.4	71,702	34.4
Total fixed assets	116,951	52.8	120,581	52.4	121,546	58.3
Total assets	221,494	100.0	229,961	100.0	208,449	100.0

(Millions of yen)

Fiscal period Account item	Previous 1st Quarter (As of May 31, 2006)		Current 1st Quarter (As of May 31, 2007)		Last fiscal year (As of February 28, 2007)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(LIABILITIES)						
1. Current liabilities						
Trade payable	40,361		39,999		34,760	
Due to franchised stores	3,186		2,536		2,436	
Other accounts payable	3,925		3,409		4,758	
Income taxes payable	578		1,838		3,543	
Money held as agent	33,647		41,398		22,790	
Allowance for bonuses to employees	1,411		1,403		738	
Allowance for bonuses to directors	14		3		41	
Allowance for incentive points	-		60		-	
Other current liabilities	3,374		3,234		3,011	
Total current liabilities	86,499	39.1	93,882	40.8	72,079	34.6
2. Long-term liabilities						
Allowance for employees' retirement benefits liability	2,312		2,431		2,359	
Leasehold deposits received	12,085		11,343		11,485	
Long-term income in advance	1,074		935		997	
Allowance for impairment loss on leased property	1,093		1,352		1,081	
Other long-term liabilities	70		42		48	
Total long-term liabilities	16,635	7.5	16,105	7.0	15,973	7.6
Total liabilities	103,134	46.6	109,987	47.8	88,052	42.2
(NET ASSETS)						
1. Shareholder's equity						
Common stock	8,380	3.8	8,380	3.7	8,380	4.0
Capital surplus						
Additional paid-in capital	36,090		36,090		36,090	
Other capital surplus	3		3		3	
Total Capital surplus	36,093	16.3	36,093	15.7	36,093	17.3-
Retained earnings						
Legal reserve	687		687		687	
Other retained earnings						
General reserve	68,921		76,221		68,921	
Retained earnings carried forward	3,501		2,926		10,520	
Total Retained earnings	73,110	33.0	79,835	34.7	80,129	38.5
Treasury stock	(17)	(0.0)	(5,022)	(2.2)	(5,021)	(2.4)
Total shareholders' equity	117,566	53.1	119,287	51.9	119,581	57.4
2. Unrealized gains or losses and translation differences, etc.						
Net unrealized gains on available-for-sale securities	793		686		815	
Total unrealized gains or losses and translation differences, etc.	793	0.3	686	0.3	815	0.4
Net Assets	118,359	53.4	119,973	52.2	120,397	57.8
Total Liabilities and Net Assets	221,494	100.0	229,961	100.0	208,449	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 1st Quarter (From March 1, 2006 to May 31, 2006)		Current 1st Quarter (From March 1, 2007 to May 31, 2007)		Last fiscal year (From March 1, 2006 to February 28, 2007)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
1. Operating revenue		%		%		%
Franchise commissions from franchised stores	24,961		24,559		99,271	
Net sales reported by franchised Stores (Figures for excluding non- consolidated area franchised stores.)						
Previous 1st Quarter ¥ 200,710 million						
Current 1st Quarter ¥ 196,507 million						
Last fiscal year ¥ 800,954 million						
Total net sales of franchised and company-owned stores (Figures for exclude non- consolidated area franchised stores.)						
Previous 1st Quarter ¥ 217,749 million						
Current 1st Quarter ¥ 215,656 million						
Last fiscal year ¥ 872,844 million						
Other revenue	3,095		3,043		12,360	
2. Net sales of Company-owned stores	17,039	[100.0]	19,148	[100.0]	71,889	[100.0]
Operating revenue	45,095	100.0	46,751	100.0	183,521	100.0
3. Cost of goods sold	12,860	[75.5] 28.5	14,441	[75.4] 30.9	54,300	[75.5] 29.6
Gross profit on sales	[4,178]	[24.5]	[4,707]	[24.6]	[17,589]	[24.5]
Operating gross profit	32,235	71.5	32,310	69.1	129,221	70.4
4. Selling, general and administrative expenses	26,416	58.6	27,268	58.3	106,285	57.9
Operating income	5,818	12.9	5,041	10.8	22,935	12.5

(Millions of yen)

Fiscal period Account item	Previous 1st Quarter (From March 1, 2006 to May 31, 2006)		Current 1st Quarter (From March 1, 2007 to May 31, 2007)		Last fiscal year (From March 1, 2006 to February 28, 2007)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
5. Non-operating income		%		%		%
Interest income	48		61		447	
Dividend income	64		73		99	
Compensation income	70		147		440	
Other non-operating income	20		30		129	
Total non-operating income	203	0.5	313	0.6	1,115	0.6
6. Non-operating expenses						
Interest expense	6		9		34	
Lease contract cancellation expenses	611		650		1,923	
Loss on allowance for doubtful accounts	-		-		101	
Other non-operating expenses	14		6		157	
Total non-operating expenses	683	1.4	666	1.4	2,216	1.2
Recurring profit	5,389	12.0	4,688	10.0	21,834	11.9
7. Extraordinary gains						
Gain on sales of property and equipment	16		9		134	
Gain on collection of receivables	66		-		81	
Other extraordinary gains	-		81		807	
Total extraordinary gains	83	0.2	90	0.2	1,024	0.6
8. Extraordinary losses						
Loss on disposal of property and equipment	217		224		967	
Loss on write-down of investment securities	-		-		669	
Loss on cancellation of lease contracts	30		25		133	
Impairment loss on fixed assets	2,216		2,231		2,703	
Other extraordinary losses	35		7		160	
Total extraordinary losses	2,499	5.6	2,489	5.3	4,635	2.5
Income before income taxes	2,973	6.6	2,289	4.9	18,223	10.0
Income taxes-current	483	1.1	1,881	4.0	7,829	4.3
Income taxes-deferred	740	1.6	(890)	(1.9)	(11)	(0.0)
Net Income	1,749	3.9	1,297	2.8	10,405	5.7

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

Previous First Quarter of Fiscal 2007 (From March 1, 2006 to May 31, 2006)

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

(Millions of yen)

	Shareholders' equity									
	Common stock	Capital surplus			Legal reserve	Retained earnings			Treasury stock	Shareholders' 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										
Cash dividends							(1,636)	(1,636)		(1,636)
Directors' bonuses							(59)	(59)		(59)
Net income							1,749	1,749		1,749
Net change in treasury stock									(2)	(2)
Cancellation of treasury stock			0	0					0	0
Transfers between reserves						8,500	(8,500)	-		-
Changes in items other than shareholders' equity (net)										-
Total	-	-	0	0	-	8,500	(8,446)	53	(2)	50
Balance at May 31, 2006	8,380	36,090	3	36,093	687	68,921	3,501	73,110	(17)	117,566

(Millions of yen)

	Unrealized gains or losses and translation differences, etc.		Total equity
	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			
Cash dividends			(1,636)
Directors' bonuses			(59)
Net income			1,749
Net change in treasury stock			(2)
Cancellation of treasury stock			0
Transfers between reserves			-
Changes in items other than shareholders' equity (net)	(233)	(233)	(233)
Total	(233)	(233)	(182)
Balance at May 31, 2006	793	793	118,359

Current First Quarter of Fiscal 2008 (From March 1, 2007 to May 31, 2007)

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

(Millions of yen)

	Shareholders' equity									
	Capital surplus	Retained earnings			Legal reserve	Treasury stock			Treasury stock	Shareholders' equity
		Additional paid-in capital	Other capital surplus	Total		Other retained earnings		Total		
						General reserve	Retained earnings carried forward			
Balance at February 28, 2007	8,380	36,090	3	36,093	687	60,921	10,520	80,129	(5,021)	119,581
Changes during the period										
Cash dividends							(1,591)	(1,591)		(1,591)
Net income							1,297	1,297		1,297
Net change in treasury stock			0	0					(1)	(0)
Cancellation of treasury stock									0	0
Transfers between reserves						7,300	(7,300)	-		-
Changes in items other than shareholders' equity (net)										-
Total	-	-	0	0	-	7,300	(7,593)	(293)	(0)	(294)
Balance at May 31, 2007	8,380	36,090	3	36,093	687	76,221	2,926	79,835	(5,022)	119,287

(Millions of yen)

	Unrealized gains or losses and translation differences, etc.		Total equity
	Net unrealized gains on available-for-sale securities	Total unrealized gains or losses and translation differences, etc.	
Balance at February 28, 2007	815	815	120,397
Changes during the period			
Cash dividends			(1,591)
Net income			1,297
Net change in treasury stock			0
Cancellation of treasury stock			0
Transfers between reserves			-
Changes in items other than shareholders' equity (net)	(128)	(128)	(128)
Total	(128)	(128)	(423)
Balance at May 31, 2007	686	686	119,973

For the Fiscal year 2007 (From March 1, 2006 to February 28, 2007)

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

(Millions of yen)

	Shareholders' equity									
	Capital surplus	Retained earnings			Legal reserve	Treasury stock			Treasury stock	Shareholders' 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										
Cash dividends							(3,273)	(3,273)		(3,273)
Directors' bonuses							(59)	(59)		(59)
Net income							10,405	10,405		10,405
Net change in treasury stock									(5,007)	(5,007)
Cancellation of treasury stock			0	0					0	1
Transfers between reserves						8,500	(8,500)	-		-
Changes in items other than shareholders' equity (net)										-
Total	-	-	0	0	-	8,500	(1,427)	7,072	(5,006)	2,065
Balance at February 28, 2007	8,380	36,090	3	36,093	687	68,921	10,520	80,129	(5,021)	119,581

(Millions of yen)

	Unrealized gains or losses and translation differences, etc.		Total equity
	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			
Cash dividends			(3,273)
Directors' bonuses			(59)
Net income			10,405
Net change in treasury stock			(5,007)
Cancellation of treasury stock			1
Transfers between reserves			-
Changes in items other than shareholders' equity (net)	(210)	(210)	(210)
Total	(210)	(210)	1,854
Balance at February 28, 2007	815	815	120,397