

Summary of Consolidated Financial Statements for the First Quarter Ended May 31, 2008

Circle K Sunkus Co., Ltd.

Securities Code Number: 3337

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

Representative: Motohiko Nakamura, President

Contact: Toshitaka Yamaguchi, Director, Head of Finance and Accounting Division

Phone: +81-3-6220-9005

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

1. Consolidated Results for the First Quarter of Fiscal 2009 (March 1, 2008 to May 31, 2008)

(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 %
Current 1st Quarter	50,704 [221,370]	0.5 [(2.0)]	4,780	(3.0)	4,748	3.7
Previous 1st Quarter	50,431 [225,789]	5.7 [(0.7)]	4,929	(17.8)	4,578	(17.4)
(Ref.) Last fiscal Year	206,373 [902,423]		21,095		19,470	

	Net Income		Net income per share	Diluted net income per share
	Millions of yen	Change %	Yen	Yen
Current 1st Quarter	974	(11.0)	11.64	-
Previous 1st Quarter	1,095	(34.0)	13.08	-
(Ref.) Last fiscal Year	8,579		102.43	-

(2) Consolidated Financial Position

	Total liabilities and equity	Total equity	Equity ratio	Total equity per share
	Millions of yen	Millions of yen	%	Yen
Current 1st Quarter	224,769	123,807	55.1	1,478.32
Previous 1st Quarter	234,390	119,061	50.8	1,420.29
(Ref.) Last fiscal Year	218,821	124,631	57.0	1,487.72

(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 1st Quarter	5,570	(5,503)	(1,834)	64,995
Previous 1st Quarter	25,917	(5,390)	(1,787)	84,198
(Ref.) Last fiscal Year	21,262	(15,791)	(4,168)	66,763

2. Dividends Status

	Dividends per share (yen)
Record date	End of the 1st Quarter
Current 1st Quarter	-
Previous 1st Quarter	-

3. Forecast of Consolidated Results for the Year Ending February 28, 2009

	Operating revenue [Total sales]		Operating income	Recurring profit	Net income	Net income per share
	Millions of yen	%	Millions of yen	Millions of yen	Millions of yen	Yen
2009 interim period	104,690	0.1	10,730 (7.2)	10,300 (7.3)	3,830 (14.6)	45.73
	[456,950]	[(1.4)]				
2009 fiscal year	206,160	(0.1)	17,000 (19.4)	15,800 (18.9)	6,620 (22.8)	79.04
	[898,280]	[(0.5)]				

4. Other

(1) Change in scope of consolidation and equity method: None

Consolidation : (Inclusion) None (Exclusion) None

(2) Application of simplified accounting method: Yes

(3) Differences in accounting treatments applied compared to previous consolidated fiscal year: None

Reference: Notes to the Overview of First-quarter Consolidated Operating Results P6.

(Reference) Non-Consolidated Results

1. Non-Consolidated Results for the First Quarter of Fiscal 2009 (March 1, 2008 to May 31, 2008)

(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 %
Current 1st Quarter	45,544 [210,077]	(2.6) [(2.6)]	4,802	(4.7)	4,676	(0.3)
Previous 1st Quarter	46,751 [215,656]	3.7 [(1.0)]	5,041	(13.3)	4,688	(13.0)
(Ref.) Last fiscal Year	189,247 [860,041]		21,476		19,702	

	Net Income		Net income per share
	Millions of yen	Change %	Yen
Current 1st Quarter	1,377	6.1	16.44
Previous 1st Quarter	1,297	(25.8)	15.49
(Ref.) Last fiscal Year	8,648		103.25

(2) Non-Consolidated Financial Position

	Total liabilities and equity	Total equity	Equity ratio	Total equity per share
	Millions of yen	Millions of yen	%	Yen
Current 1st Quarter	220,651	125,098	56.7	1,493.58
Previous 1st Quarter	229,961	119,973	52.2	1,432.36
(Ref.) Last fiscal Year	214,867	125,483	58.4	1,498.18

2. Forecast of Non-Consolidated Results for the Year Ending February 28, 2009

	Operating revenue [Total sales]		Operating income	Recurring profit	Net income	Net income per share			
	Millions of yen	%	Millions of yen	Millions of yen	Millions of yen	Yen			
2009 interim period	93,560 [432,940]	(3.2) [(2.1)]	11,080	(6.0)	10,670	(5.3)	4,660	1.7	55.63
2009 fiscal year	182,000 [848,390]	(3.8) [(1.4)]	17,600	(18.0)	16,480	(16.4)	7,850	(9.2)	93.72

(Note) 1. The forecast of results for the year ending February 28, 2009 are unchanged from April 10, 2008.

- 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.
- Figures for consolidated total store sales exclude corresponding figures for ZERO NETWORKS Co., Ltd. and non-consolidated area franchisers. Figures for non-consolidated total store sales exclude corresponding figures for area franchisers.

[Overview of First-quarter Consolidated Operating Results]

1. Qualitative Information Concerning Consolidated Operating Results

Looking at sales in the first quarter of fiscal 2009, the three-month period ended May 31, 2008, existing store sales in Hokkaido and the Tohoku region rose year on year atop higher tobacco sales due to the introduction of “age verifying cigarette vending machines” compatible with taspo cards. In addition, sales of fast food such as rice dishes, baked goods and processed noodles also showed improvement. Overall, existing store sales declined 1.8% year on year at Circle K Sunkus on a cumulative basis in the first quarter. Consequently, total store sales, including Circle K Sunkus’ five consolidated subsidiaries in the convenience store business, decreased 2.0% year on year to ¥221,370 million.

[Monthly Sales Compared With the Previous Fiscal Year]

	(%)			
	March	April	May	Total
Existing stores	(3.3)	(2.5)	0.4	(1.8)
All stores	(4.4)	(3.2)	(0.2)	(2.6)

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

On the product side, Circle K Sunkus unveiled a joint Uny Group original brand called UUCS in April 2008. Under this new brand, the Company will harness the Uny Group’s collective product development and procurement capabilities to offer a product range of high-quality products at affordable prices that satisfy the increasingly twin-fold nature of consumer needs. As a measure to reinforce regional products, in April 2008 Circle K Sunkus extended the MOT Project—a plan to develop “locally produced, locally consumed” products—to new regions, namely Nagano Prefecture, Aomori Prefecture, and Shikoku’s four prefectures and strengthened related activities. This project was first launched in the Hokuriku region in May 2007. Furthermore, the Company signed a Comprehensive Partnership and Cooperation Agreement with Ishikawa Prefecture in May 2008. This was part of efforts to bolster product development leveraging regional agricultural produce and “locally produced, locally consumed” product initiatives. The agreement also aims to promote close mutual partnership and cooperation in a broad range of fields, from tourism to the environment and disaster readiness.

Turning to services, from February 2008 Circle K Sunkus began offering store pickup services at all stores for products purchased from Rakuten Books. This new service has resulted in a sharp increase in the use of store pickup services for products purchased via Internet mail-order sites. Elsewhere, the use of prepaid Edy electronic money has also been growing year after year. As of May 31, 2008, Circle K Sunkus had sold more than 1 million KARUWAZA CLUB house cards with Edy electronic money functionality, and the number of KARUWAZA CLUB members eligible to receive incentive points had surpassed 360,000. From April 2008, Circle K Sunkus began accepting iD post-payment electronic money offered by NTT DoCoMo, Inc. at all stores. Together with formats already accepted at Circle K and Sunkus stores, namely Edy, QUICPay and Visa Touch (Smartplus), the Company now accepts payment via a total of five electronic money formats at all Circle K and Sunkus stores. Furthermore, Circle K Sunkus began offering an original ATM service called Bank Time, with Resona Bank as the principal bank, at stores in the Kansai region from February 2008. ZERO NETWORKS Co., Ltd., a consolidated subsidiary contracted to conduct ATM operations, had installed a total of 2,907 ATMs as of May 31, 2008.

On the store development front, Circle K Sunkus continued to press 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 5 consolidated subsidiaries, opened 64 stores (including 12 99 Ichiba stores) and closed 57 stores (including 6 99 Ichiba stores) during the first quarter, bringing the total number of stores as of May 31, 2008 to 5,245 (including 58 99 Ichiba stores). In addition, the total number of stores for the entire Circle K Sunkus Group, including non-consolidated area franchisers, was 6,196.

For the first quarter of fiscal 2009, consolidated operating revenue rose 0.5% to ¥50,704 million. Operating income was down 3.0% year on year at ¥4,780 million. Recurring profit increased 3.7% to ¥4,748 million, chiefly reflecting a decrease in non-operating expenses, mainly due to smaller losses on the cancellation of lease contracts thanks to fewer closures of stores than in the first quarter of fiscal 2008. However, net income dropped 11.0% year on year to ¥974 million.

2. Qualitative Information Concerning Consolidated Financial Position

[1] Changes in Consolidated Financial Position

Turning to the Circle K Sunkus Group's financial position, as of May 31, 2008, total assets were ¥224,769 million, ¥5,948 million higher than at the previous fiscal year-end. Net assets declined ¥823 million to ¥123,807 million. As a result, the shareholders' equity ratio was 55.1%.

[2] Cash Flows

As of May 31, 2008, cash and cash equivalents were ¥64,995 million, ¥1,767 million, or 2.6%, lower than at the previous fiscal year-end.

Operating activities provided net cash of ¥5,570 million, 78.5% less than in the previous fiscal year's first quarter. The main contributing factors were income before income taxes and minority interests of ¥1,979 million, an impairment loss of ¥2,675 million, and an increase of ¥4,400 million in trade and due to franchise stores payable. The main reason for the 78.5% year on year decrease in net operating cash flow was that the settlement date for utility and other bills that are accepted at convenience stores fell on a bank holiday, and was therefore brought forward.

Investing activities used net cash of ¥5,503 million, 2.1% more than in the same period of the previous fiscal year. The main components were a ¥2,874 million increase in property and equipment; a ¥1,357 million increase in long-term leasehold deposits; and a ¥1,506 million increase in intangible fixed assets and long-term prepaid expenses.

Financing activities used net cash of ¥1,834 million, 2.6% more than in the corresponding period of the previous fiscal year, mainly reflecting dividends paid of ¥1,667 million.

3. Qualitative Information Concerning Forecasts for Fiscal 2009

As of the date of release of this report, Circle K Sunkus has not revised its forecasts for fiscal 2009, which were initially announced on April 10, 2008.

*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.

4. Others

[1] Changes in the status of material subsidiaries during the fiscal period under review (Changes in the status of specific subsidiaries resulting in a change in the scope of consolidation): None

Effective from the fiscal 2009 first quarter, the Company has applied the equity method to DO NEXT INC. due to its increased materiality with respect to the consolidated financial statements. However, this does not constitute a change in the status of a specific subsidiary resulting in a change in the scope of consolidation.

[2] Adoption of simplified accounting policies: Yes

The companies have adopted certain simplified methods.

[3] Changes in accounting methods from the most recent fiscal year: None

Effective from the fiscal 2009 first quarter, in accordance with amendments to the Corporation Tax Law [(Law for Partial Revision of the Income Tax Law, etc., Law No. 6 of March 30, 2007) and (Cabinet Order for Partial Amendment of the Corporate Tax Law Enforcement Ordinance, Cabinet Order No. 83 of March 30, 2007)], the Company has depreciated the residual values of property and equipment purchased on or before March 31, 2007 using the straight line method over five years from the year following the fiscal year in which the final depreciable limit was reached. However, this does not constitute a change in accounting method.

As a result of this change, consolidated operating income, recurring profit, and income before income taxes and minority interests were each ¥16 million lower than would have been recorded under the previous method.

Similarly, non-consolidated operating income, recurring profit and income before income taxes and minority interests were each ¥16 million lower.

5. 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, 2007)		Current 1st Quarter (As of May 31, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
(ASSETS)		%		%		%
1. Current assets						
Cash and cash equivalents	67,977		56,757		52,736	
Due from franchised stores	3,387		4,286		3,208	
Marketable securities	17,021		12,037		17,026	
Inventories	2,715		3,086		2,542	
Deferred tax assets	1,126		1,008		1,050	
Other accounts receivable	-		15,445		9,697	
Other current assets	20,113		8,317		8,331	
Allowance for doubtful accounts	(415)		(536)		(348)	
Total current assets	111,926	47.8	100,403	44.7	94,243	43.1
2. Fixed assets						
Property and equipment						
Buildings and structures	31,641		32,114		33,648	
Furniture and fixtures	3,911		3,628		3,864	
Land	8,642		8,775		8,816	
Other property and equipment	888		1,267		1,025	
Total property and equipment	45,083	19.2	45,785	20.4	47,355	21.6
Intangible fixed assets						
Software	2,916		4,193		3,844	
Software development in progress	696		1,521		1,511	
Goodwill	117		53		58	
Other intangible fixed assets	2,598		2,999		2,988	
Total intangible fixed assets	6,328	2.7	8,768	3.9	8,402	3.8
3. Investments and other assets						
Investment securities	5,115		4,735		4,798	
Deferred tax assets	4,421		4,845		4,159	
Long-term leasehold deposits	53,594		52,696		52,781	
Other investments	9,308		8,962		8,567	
Allowance for doubtful accounts	(1,388)		(1,426)		(1,488)	
Total investments and other assets	71,052	30.3	69,812	31.0	68,819	31.5
Total fixed assets	122,464	52.2	124,366	55.3	124,577	56.9
Total assets	234,390	100.0	224,769	100.0	218,821	100.0

(Millions of yen)

Fiscal period Account item	Previous 1st Quarter (As of May 31, 2007)		Current 1st Quarter (As of May 31, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(LIABILITIES)						
1. Current liabilities						
Trade payables	42,195		40,965		36,088	
Due to franchised stores	2,752		2,020		2,496	
Other accounts payable	4,351		5,084		5,862	
Income taxes payable	1,848		1,719		3,304	
Money held as agent	42,687		30,286		26,630	
Accrued employees' bonuses	1,474		1,481		771	
Accrued directors' bonuses	15		21		47	
Allowance for incentive points	60		80		80	
Other current liabilities	3,419		3,498		3,169	
Total current liabilities	98,804	42.2	85,156	37.9	78,451	35.8
2. Long-term liabilities						
Allowance for employees' retirement benefit liability	2,451		630		708	
Allowance for debt guarantees	-		136		136	
Guarantee deposits received	11,597		10,958		11,096	
Allowance for impairment loss on leased property	1,432		1,342		914	
Other long-term liabilities	1,042		2,737		2,882	
Total long-term liabilities	16,524	7.0	15,804	7.0	15,738	7.2
Total liabilities	115,328	49.2	100,961	44.9	94,189	43.0
(NET ASSETS)						
1. Shareholder's equity						
Common stock	8,380		8,380		8,380	
Capital surplus	36,093		36,093		36,093	
Retained earnings	78,827		83,935		84,636	
Less, treasury stock, at cost	(5,022)		(5,025)		(5,025)	
Total shareholders' equity	118,278	50.5	123,384	54.9	124,084	56.7
2. Unrealized gains or losses and translation differences, etc.						
Net unrealized gains on available-for-sale securities	683		436		523	
Total unrealized gains or losses and translation differences, etc.	683	0.3	436	0.2	523	0.3
3. Minority Interests	99	0.0	(12)	(0.0)	24	0.0
Total equity	119,061	50.8	123,807	55.1	124,631	57.0
Total liabilities and net assets	234,390	100.0	224,769	100.0	218,821	100.0

(2) Consolidated Statements of Income

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

(Millions of yen)

Account item	Previous 1st Quarter (From March 1, 2007 to May 31, 2007)			Current 1st Quarter (From March 1, 2008 to May 31, 2008)			Last fiscal year (From March 1, 2007 to February 29, 2008)		
	Amount		Composition ratio	Amount		Composition ratio	Amount		Composition ratio
			%			%			%
1. Operating revenues									
Franchise commissions from franchised stores	25,399			24,987			101,388		
Net sales reported by Franchised Stores (Figures for excluding non- consolidated area franchised stores.)									
Previous 1st Quarter ¥ 204,881 million									
Current 1st Quarter ¥ 199,811 million									
Last fiscal year ¥ 814,406 million									
Total net sales of franchised and company-owned stores (Figures for exclude non- Consolidated area franchised stores.)									
Previous 1st Quarter ¥ 225,789 million									
Current 1st Quarter ¥ 221,370 million									
Last fiscal year ¥ 902,423 million									
Other revenues	3,057	28,456	56.4	2,980	27,968	55.2	12,510	113,898	55.2
2. Net sales of company-owned stores	[21,974]	21,974	[100.0] 43.6	[22,735]	22,735	[100.0] 44.8	[92,474]	92,474	(100.0) 44.8
Total operating revenues		50,431	100.0		50,704	100.0		206,373	100.0
3. Cost of goods sold	[16,810]	16,810	[76.5] 33.3	[17,355]	17,355	[76.3] 34.2	[70,614]	70,614	(76.4) 34.2
Gross profit on sales	[5,163]		[23.5]	[5,380]		[23.7]	[21,859]		(23.6)
Operating gross profit		33,620	66.7		33,348	65.8		135,758	65.8
4. Selling, general and administrative Expenses		28,690	56.9		28,568	56.4		114,662	55.6
Operating income		4,929	9.8		4,780	9.4		21,095	10.2
5. Non-operating income		318	0.6		317	0.7		1,438	0.7
6. Non-operating expenses		669	1.3		349	0.7		3,063	1.5
Recurring profit		4,578	9.1		4,748	9.4		19,470	9.4
7. Extraordinary gains		90	0.2		12	0.0		1,548	0.8
8. Extraordinary losses		2,659	5.3		2,782	5.5		5,779	2.8
Income before income taxes		2,009	4.0		1,978	3.9		15,239	7.4
Income taxes-current	1,889			1,624			7,265		
Income taxes-deferred	(949)	940	1.9	(584)	1,039	2.1	(503)	6,761	3.3
Minority interest in earnings of consolidated subsidiaries		(26)	(0.1)		(36)	(0.1)		(101)	(0.1)
Net Income		1,095	2.2		974	1.9		8,579	4.2

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous First Quarter of Fiscal 2007 (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
Net change in treasury stock				(0)	(0)				(0)
Cancellation of treasury stock		0		0	0				0
Increase in consolidated subsidiaries			(294)		(294)				(294)
Changes in items other than shareholders'						(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

Current First Quarter of Fiscal 2009 (From March 1, 2008 to May 31, 2008)

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 29, 2008	8,380	36,093	84,636	(5,025)	124,084	523	523	24	124,631
Changes during the period									
Cash dividends			(1,675)		(1,675)				(1,675)
Net income			974		974				974
Net change in treasury stock				(0)	(0)				(0)
Cancellation of treasury stock		(0)		0	0				0
Changes in items other than shareholders' equity						(87)	(87)	(36)	(123)
Total	-	(0)	(700)	0	(700)	(87)	(87)	(36)	(823)
Balance at May 31, 2008	8,380	36,093	83,935	(5,025)	123,384	436	436	(12)	123,807

For the Fiscal year 2008 (From March 1, 2007 to February 29, 2008)

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
119,883Changes during the period									
Cash dividends			(3,266)		(3,266)				(3,266)
Net income			8,579		8,579				8,579
Net change in treasury stock				(5)	(5)				(5)
Cancellation of treasury stock		(0)		1	1				1
Increase in consolidated subsidiaries			(294)		(294)				(294)
Changes in items other than shareholders' equity						(289)	(289)	23	(265)
Total	-	(0)	5,018	(4)	5,014	(289)	(289)	23	4,748
Balance at February 29, 2008	8,380	36,093	84,636	(5,025)	124,084	523	523	24	124,631

(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, 2007 to May 31, 2007)	Current 1st Quarter (From March 1, 2008 to May 31, 2008)	Last fiscal year (From March 1, 2007 to February 29, 2008)
	Amount	Amount	Amount
1. Cash flows from operating activities:			
Income before income taxes	2,009	1,979	15,239
Depreciation and amortization	1,778	1,816	7,260
Impairment loss on fixed assets	2,376	2,675	2,715
Amortization of goodwill	19	4	75
Loss on write-down of investment securities	-	-	18
Gain on sale of investments in securities	-	-	(85)
Loss on sale or disposal of property and equipment	240	89	1,842
(Decrease) increase in allowance for doubtful accounts	(46)	126	(13)
Increase (decrease) in accrued bonuses to employees	701	710	(1)
Increase in accrued bonuses to directors	(33)	(25)	(1)
(Decrease) increase in employee retirement benefit liability	(18)	(78)	(1,557)
Increase in allowance for debt guarantees	-	-	136
Interest and cash dividends income	(135)	(158)	(674)
Interest expenses	10	10	43
Equity-method investment income	-	(24)	-
(Increase) decrease in trade receivable	(2,037)	(6,773)	(178)
Decrease (increase) in inventories	(155)	(544)	18
(Decrease) increase in trade and due to franchised stores payable	5,648	4,400	(714)
Decrease in other accounts payable and accrued expenses	(101)	596	45
(Decrease) increase in money held as agent	19,063	3,648	3,131
Lease contract cancellation expenses	367	127	1,511
Other	(310)	(40)	(736)
Sub-total	29,377	8,541	28,432
Interest and dividends received	134	157	417
Interest paid	(0)	(0)	(2)
Income taxes paid	(3,594)	(3,127)	(7,584)
Net cash provided by operating activities	25,917	5,570	21,262

(millions of yen)

	Previous 1st Quarter (From March 1, 2007 to May 31, 2007)	Current 1st Quarter (From March 1, 2008 to May 31, 2008)	Last fiscal year (From March 1, 2007 to February 29, 2008)
	Amount	Amount	Amount
2. Cash flows from investing activities:			
Payments for time deposits	(800)	(800)	(1,600)
Proceeds from repayment of time deposits	-	-	1,600
Decrease in marketable securities	-	(3,000)	(3,000)
Increase in property and equipment	-	3,000	-
Decrease in property and equipment	(3,272)	(2,874)	(9,614)
Increase in intangible fixed assets and long-term prepaid expenses	59	72	346
Increase in investment securities	(540)	(1,506)	(5,125)
Decrease in investment securities	(300)	(57)	(300)
Increase in cash through acquisition of a consolidated subsidiary	-	-	115
Proceeds from long-term advances received	4	6	2,505
Increase in loans receivable	(602)	(100)	(646)
Collection of loans receivable	625	30	708
Increase in long-term leasehold deposits	(1,867)	(1,357)	(6,271)
Collection of fixed leasehold deposits	1,293	1,074	5,461
Other	9	9	29
Net cash used in investing activities	(5,390)	(5,503)	(15,791)
3. Cash flows from financing activities:			
Increase in treasury stock	(0)	(0)	(5)
Dividends paid	(1,592)	(1,667)	(3,263)
Increase in guarantee deposits received	227	163	713
Decrease in guarantee deposits received	(421)	(330)	(1,613)
Other	0	0	1
Net cash used in financing activities	(1,787)	(1,834)	(4,168)
4. Net (decrease) increase in cash and cash equivalents	18,738	(1,767)	1,303
5. Cash and cash equivalents at beginning of year	64,957	66,763	64,957
6. Increase in cash and cash equivalents upon inclusion of additional subsidiaries on consolidation	502	-	502
7. Cash and cash equivalents, end of the 1st Quarter (year)	84,198	64,995	66,763

(Reference) 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, 2007)		Current 1st Quarter (As of May 31, 2008)		Last fiscal year (As of February 29, 2008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(ASSETS)						
1. Current assets						
Cash and cash equivalents	64,460		52,549		49,885	
Due from franchised stores	3,147		4,065		3,025	
Marketable securities	17,021		12,037		17,026	
Inventories	2,491		2,727		2,245	
Deferred tax assets	1,118		1,164		1,168	
Short-term loans receivable for subsidiaries	1,350		2,400		800	
Other accounts receivable	12,739		17,160		503	
Other current assets	7,599		7,258		18,811	
Allowance for doubtful accounts	(550)		(902)		(617)	
Total current assets	109,379	47.6	98,460	44.6	91,848	43.2
2. Fixed assets						
Property and equipment						
Buildings	22,986		23,365		24,326	
Furniture and fixtures	3,820		3,482		3,727	
Land	8,611		8,742		8,783	
Other property and equipment	6,828		7,417		7,442	
Total property and equipment	42,247	18.3	43,007	19.5	44,279	20.6
Intangible fixed assets						
System software	2,891		4,162		3,810	
System software development in progress	696		1,521		1,511	
Other intangible fixed assets	2,598		2,941		2,936	
Total intangible fixed assets	6,186	2.7	8,625	3.9	8,258	3.9
3. Investment and other assets						
Investment in securities	4,327		3,879		4,025	
Investment in affiliated company	4,102		3,667		3,610	
Long-term loans receivable for affiliated company	43		528		332	
Deferred tax assets	4,419		4,844		4,159	
Long-term leasehold deposits	51,603		50,357		50,504	
Other investment	8,861		8,533		8,163	
Allowance for doubtful accounts	(1,210)		(1,255)		(1,315)	
Total investment and other assets	72,147	31.4	70,557	32.0	69,480	32.3
Total fixed assets	120,581	52.4	122,190	55.4	122,018	56.8
Total assets	229,961	100.0	220,651	100.0	214,867	100.0

(Millions of yen)

Fiscal period Account item	Previous 1st Quarter (As of May 31, 2007)		Current 1st Quarter (As of May 31, 2008)		Last fiscal year (As of February 29, 008)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
		%		%		%
(LIABILITIES)						
1. Current liabilities						
Trade payable	39,999		38,551		33,995	
Due to franchised stores	2,536		1,824		2,280	
Other accounts payable	3,409		4,091		5,070	
Income taxes payable	1,838		1,663		3,187	
Money held as agent	41,398		29,306		25,718	
Allowance for bonuses to employees	1,403		1,405		733	
Allowance for bonuses to directors	3		10		41	
Allowance for incentive points	60		80		80	
Other current liabilities	3,234		3,281		2,973	
Total current liabilities	93,882	40.8	80,214	36.4	74,080	34.5
2. Long-term liabilities						
Allowance for employees' retirement benefits liability	2,431		608		686	
Allowance for debt guarantees	-		136		136	
Leasehold deposits received	11,343		10,710		10,849	
Long-term income in advance	935		2,642		2,765	
Allowance for impairment loss on leased property	1,352		1,212		822	
Other long-term liabilities	42		27		42	
Total long-term liabilities	16,105	7.0	15,337	6.9	15,302	7.1
Total liabilities	109,987	47.8	95,552	43.3	89,383	41.6
(NET ASSETS)						
1. Shareholder's equity						
Common stock	8,380	3.7	8,380	3.8	8,380	3.9
Capital surplus						
Additional paid-in capital	36,090		36,090		36,090	
Other capital surplus	3		3		3	
Total Capital surplus	36,093	15.7	36,093	16.4	36,093	16.8
Retained earnings						
Legal reserve	687		687		687	
Other retained earnings						
General reserve	76,221		79,721		76,221	
Retained earnings carried forward	2,926		4,804		8,602	
Total Retained earnings	79,835	34.7	85,213	38.6	85,511	39.8
Treasury stock	(5,022)	(2.2)	(5,025)	(2.3)	(5,025)	(2.3)
Total shareholders' equity	119,287	51.9	124,661	56.5	124,959	58.2
2. Unrealized gains or losses and translation differences, etc.						
Net unrealized gains on available-for-sale securities	686		436		524	
Total unrealized gains or losses and translation differences, etc.	686	0.3	436	0.2	524	0.2
Net Assets	119,973	52.2	125,098	56.7	125,483	58.4
Total Liabilities and Net Assets	229,961	100.0	220,651	100.0	214,867	100.0

(2) Non-Consolidated Statements of Income

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

(Millions of yen)

Account item	Previous 1st Quarter (From March 1, 2007 to May 31, 2007)			Current 1st Quarter (From March 1, 2008 to May 31, 2008)			Last fiscal year (From March 1, 2007 to February 29, 2008)		
	Amount		Composition ratio %	Amount		Composition ratio %	Amount		Composition ratio %
1. Operating revenues									
Franchise commissions from franchised stores	24,559			24,171			98,042		
Net sales reported by Franchised Stores (Figures for excluding non-consolidated area franchised stores.)									
Previous 1st Quarter ¥ 196,507 million									
Current 1st Quarter ¥ 191,668 million									
Last fiscal year ¥ 781,282 million									
Total net sales of franchised and company-owned stores (Figures for exclude non-Consolidated area franchised stores.)									
Previous 1st Quarter ¥ 215,656 million									
Current 1st Quarter ¥ 210,077 million									
Last fiscal year ¥ 860,041 million									
Other revenues	3,043	27,602	59.0	2,964	27,135	59.6	12,446	110,488	58.4
2. Net sales of company-owned stores	[19,148]	19,148	[100.0] 41.0	[18,408]	18,408	[100.0] 40.4	[78,759]	78,759	[100.0] 41.6
Total operating revenues		46,751	100.0		45,544	100.0		189,247	100.0
3. Cost of goods sold	[14,441]	14,441	[75.4] 30.9	[13,846]	13,846	[75.2] 30.4	[59,457]	59,457	[75.5] 31.4
Gross profit on sales	[4,707]		[24.6]	[4,562]		[24.8]	[19,301]		[24.5]
Operating gross profit		32,310	69.1		31,698	69.6		129,789	68.6
4. Selling, general and administrative Expenses		27,268	58.3		26,895	59.1		108,313	57.2
Operating income		5,041	10.8		4,802	10.5		21,476	11.4
5. Non-operating income		313	0.6		292	0.7		1,373	0.7
6. Non-operating expenses		666	1.4		419	0.9		3,147	1.7
Recurring profit		4,688	10.0		4,676	10.3		19,702	10.4
7. Extraordinary gains		90	0.2		12	0.0		1,536	0.8
8. Extraordinary losses		2,489	5.3		2,360	5.2		6,040	3.2
Income before income taxes		2,289	4.9		2,327	5.1		15,198	8.0
Income taxes-current	1,881			1,573			7,119		
Income taxes-deferred	(890)	991	2.1	(623)	950	2.1	(569)	6,550	3.4
Net Income		1,297	2.8		1,377	3.0		8,648	4.6

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

Previous 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									
	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, 2007	8,380	36,090	3	36,093	687	68,921	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					(0)	(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			
Directors' bonuses			(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

Current First Quarter of Fiscal 2009 (From March 1, 2008 to May 31, 2008)

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 29, 2008	8,380	36,090	3	36,093	687	76,221	8,602	85,511	(5,025)	124,959
Changes during the period										
Cash dividends							(1,675)	(1,675)		(1,675)
Net income							1,377	1,377		1,377
Net change in treasury stock									(0)	(0)
Cancellation of treasury stock			(0)	(0)					0	0
Transfers between reserves						3,500	(3,500)	-		-
Changes in items other than shareholders' equity (net)										
Total	-	-	(0)	(0)	-	3,500	(3,797)	(297)	0	(297)
Balance at May 31, 2008	8,380	36,090	3	36,093	687	79,721	4,804	85,213	(5,025)	124,661

(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 29, 2008	524	524	125,483
Changes during the period			
Cash dividends			(1,675)
Net income			1,377
Net change in treasury stock			(0)
Cancellation of treasury stock			0
Transfers between reserves			-
Changes in items other than shareholders' equity (net)	(87)	(87)	(87)
Total	(87)	(87)	(384)
Balance at May 31, 2008	436	436	125,098

For the Fiscal year 2008 (From March 1, 2007 to February 29, 2008)

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	68,921	10,520	80,129	(5,021)	119,581
Changes during the period										
Cash dividends							(3,266)	(3,266)		(3,266)
Directors' bonuses							8,648	8,648		8,648
Net change in treasury stock									(5)	(5)
Cancellation of treasury stock			(0)	(0)					1	1
Transfers between reserves						7,300	(7,300)	-		-
Changes in items other than shareholders' equity (net)										
Total	-	-	(0)	(0)	-	7,300	(1,918)	5,381	(4)	5,377
Balance at February 29, 2008	8,380	36,090	3	36,093	687	76,221	8,602	85,511	(5,025)	124,959

(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			(3,266)
Net income			8,648
Net change in treasury stock			(5)
Cancellation of treasury stock			1
Transfers between reserves			-
Changes in items other than shareholders' equity (net)	(291)	(291)	(291)
Total	(291)	(291)	5,086
Balance at February 29, 2008	524	524	125,483