

(Securities Code :7437)



Business Results

For the Fiscal Year Ended February 28, 2003

April 15, 2003




Toshifumi Hirano

Head of Finance and Accounting Division






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1 . Number of Stores at Year-End



	 Circle K	 Sunkus	 C&S	(Stores) Year-on-year change
Stores opened	230	188	418	+9
Stores closed	103	69	172	-5
Franchised and Company-owned stores	2,710	2,257	4,967	+246
Stores opened	32	125	157	-21
Stores closed	16	40	56	+21
Area franchised stores	261	1,013	1,274	+101
Stores opened	262	313	575	-12
Stores closed	119	109	228	+16
Group total	2,971	3,270	6,241	+347

2. Newly Opened Stores

(Stores)

	 Circle K	 Sunkus	 C&S
Total of newly opened stores	230	188	418
Newly opened stores	204	160	364
Relocated stores	26	28	54
Average daily sales (Yen in thousand)	440	494	463

(Note) Figures exclude area franchisers.

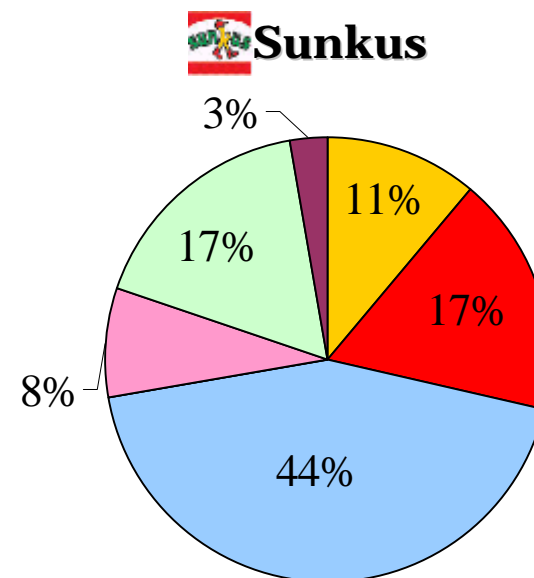
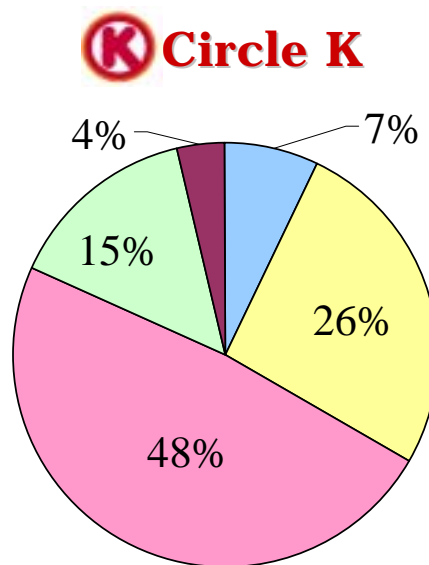
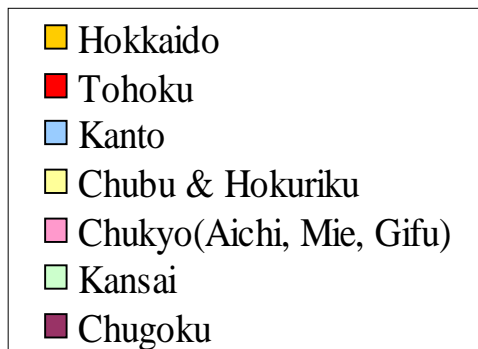
-  **Circle K: on target; Sunkus: 12 stores below target**
-  **Improved average daily sales per store through renewed emphasis on quality in opening new stores**

Circle K : Year-on-year change **+19,000**

Sunkus : Year-on-year change **+38,000**

3 . Stores and Stores Opened by Geographic Region

1. Store composition



2. Stores Opened

*More stores opened
in key geographic regions*

Circle K : Chukyo(Aichi, Gifu, Mie)
Chubu, Hokuriku

Sunkus : Kanto




*Efforts also focused on
relocating stores*

	(Stores)	
	Circle K	Sunkus
Hokkaido	-	17
Tohoku	-	27
Kanto	27	77
Chubu & Hokuriku	64	-
Chukyo(Aichi, Mie, Gifu)	82	19
Kansai	49	38
Chugoku	8	10
Total	230	188

(Note) Figures exclude area franchisers.

4 . Results of C&S Group




(Yen in million)

	 Circle K	 Sunkus	 C&S	Year-on-year
Sales of franchised and Company-owned stores	485,670	406,219	891,889	+3.7%
Y-o-y change in existing-store sales	-1.6%	-2.5%	-2.0%	-
Sales of Group	521,901	571,658	1,093,560	+4.6%
Y-o-y change in existing-store sales	-1.7%	-2.5%	-2.2%	-
Average product markup	28.0%	28.8%	-	-
Total operating revenues	93,090	65,223	158,313	+2.9%
Gross profit	65,789	56,942	122,731	+2.9%
Operating income	14,107	10,927	24,168	-1.5%
Recurring profit	13,754	10,656	23,574	+0.8%
Net income	7,432	4,835	11,490	+1.6%

5 . Breakdown of Business Results

*Year-on-year change in existing-store sales
Average Product Markup*

(Yen in million)

	 Circle K		 Sunkus		 C&S	
		Year-on-year change		Year-on-year change		Year-on-year change
Sales of franchised and Company-owned stores	485,670	+18,340	406,219	+13,109	891,889	+31,448
Y-o-y change in existing-store sales	-1.6%	-	-2.5%	-	-2.0%	-
Average product markup	28.0%	-0.2%	28.8%	-0.1%	-	-
Total operating revenues	93,090	+1,628	65,223	+2,796	158,313	+4,424

Main reasons for lower existing-store sales

Absence of the previous fiscal year's strong performance, relative to peers

Slower soft drink and mainstay fast food sales

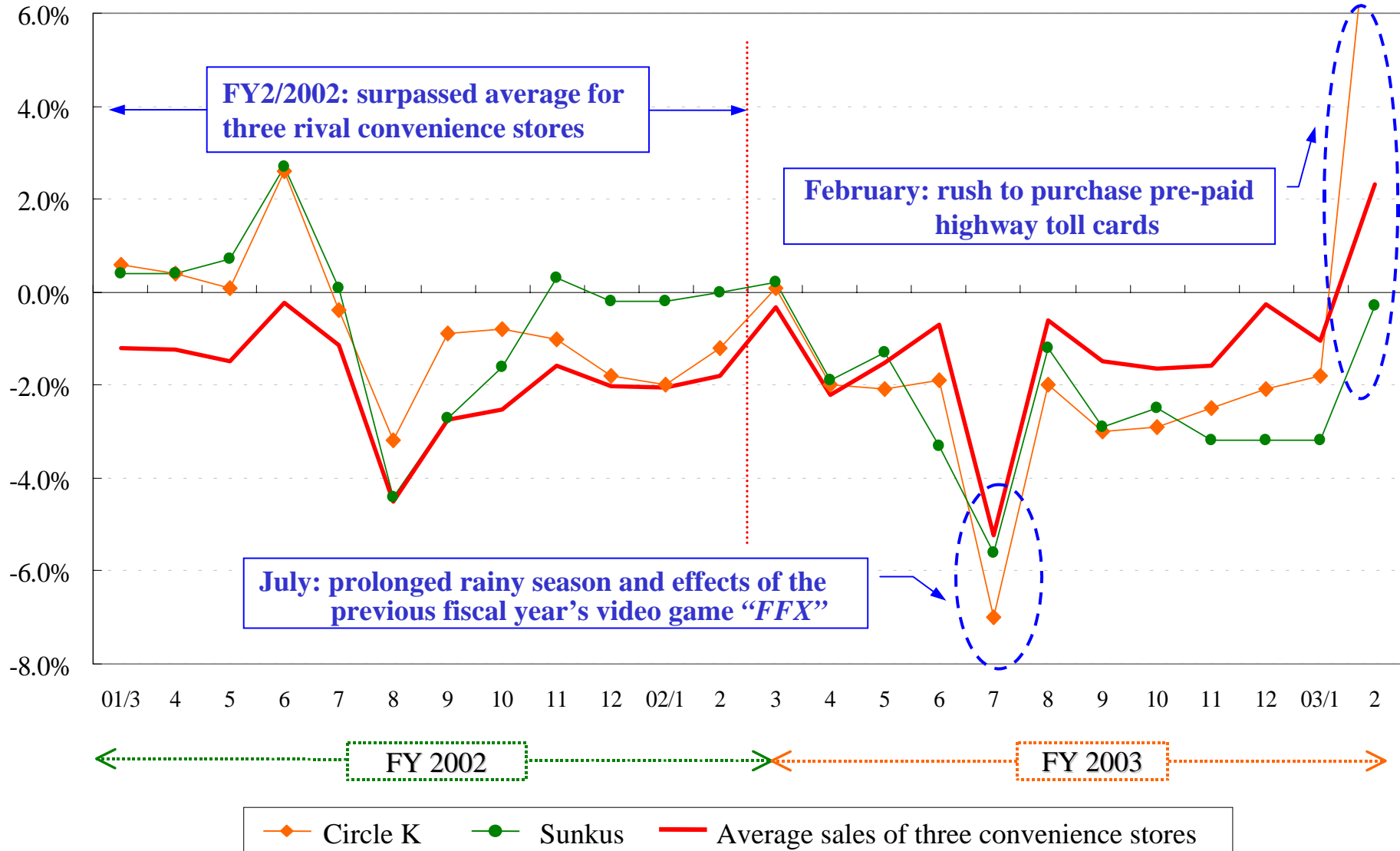
Slower alcoholic beverage sales and overall sales at Hokkaido and Tohoku-based Sunkus stores

Main reasons for lack of improvement in average product markups

Changes in sales composition by product

Circle K especially impacted by rush to purchase pre-paid highway toll cards in February

6 . Comparison of Year-On-Year Change in Monthly Sales at Existing Stores



(Note) Average sales of three convenience stores represent a simple average of the sales of Seven-Eleven, Lawson and Family Mart.



7 . Average Daily Sales per Store by Product Category

Product Category	Average daily sales(¥)	Circle K	Sunkus	Product Category	Average daily sales(¥)	Circle K	Sunkus
Fast food	100 thousand			Alcoholic beverage	40 thousand		×
Rice dishes	-	×	×	Magazines & Newspapers	40 thousand	×	×
Sandwich	-		×	Magazines	-	×	
Cooked noodles, Pasta	-			Newspapers	-		×
Delicatessen snacks	-			Cosmetics	10 thousand	×	
Fresh food	60 thousand			Tobacco	70 thousand	×	
Bread	-			Services	40 thousand		
Milk, Chilled drinks	-			Prepaid card	-	×	×
Processed food	140 thousand			Highway toll card	-		
Soft drinks	-			Tickets	-		
Noodles	-		×				
Snacks	-						

Mark	Change from FY 2002	Judgment
	more than 100%	Same or better than FY 2002
	96% ~ 99%	Acceptable
×	less than 95%	Poor

8 . Sales by Geographic Region

Year-on-year change in existing-store sales

	 Circle K	 Sunkus
Hokkaido	-	-5.0%
Tohoku	-	-4.3%
Kanto	0.9%	-1.6%
Chubu & Hokuriku	-2.9%	-
Chukyo (Aichi, Mie, Gifu)	-1.6%	-0.4%
Kansai	-0.7%	-3.3%
Chugoku	-2.2%	4.7%
Total	-1.6%	-2.5%

Circle K

Relatively strong performance

Chukyo(Aichi, Mie, Gifu)

Kanto, Kansai

Struggled

Chubu & Hokuriku, Chugoku

Sunkus

Relatively strong performance

Kanto,

Chukyo(Aichi, Mie, Gifu), Chugoku




Struggled

Hokkaido, Tohoku, Kansai

5 . Breakdown of Business Results

*Year-on-year change in existing-store sales
Average Product Markup*

(Yen in million)

	 Circle K		 Sunkus		 C&S	
		Year-on-year change		Year-on-year change		Year-on-year change
Sales of franchised and Company-owned stores	485,670	+18,340	406,219	+13,109	891,889	+31,448
Y-o-y change in existing-store sales	-1.6%	-	-2.5%	-	-2.0%	-
Average product markup	28.0%	-0.2%	28.8%	-0.1%	-	-
Total operating revenues	93,090	+1,628	65,223	+2,796	158,313	+4,424

Main reasons for lower existing-store sales

Absence of the previous fiscal year's strong performance, relative to peers

Slower soft drink and mainstay fast food sales

Slower alcoholic beverage sales and overall sales at Hokkaido and Tohoku-based Sunkus stores

Main reasons for lack of improvement in average product markups

Changes in sales composition by product

Circle K especially impacted by rush to purchase pre-paid highway toll cards in February

9 . Year-on-year Changes in Product Markups by Product Category

	Change in product markups	Change in sales composition	Change in product markups	Change in sales composition
Fast food	±0.0%	-0.1%	+0.2%	-0.3%
Fresh food	+0.4%	+0.2%	+0.3%	+0.3%
Processed food	+0.4%	-0.7%	+0.5%	-2.1%
Total foods	+0.2%	-0.6%	+0.3%	-2.1%
Non-food items	-0.2%	-0.3%	-0.1%	+0.1%
Service	-1.2%	0.9%	-1.2%	+2.0%
Total	-0.2%	-	-0.1%	-

Slumping rice dish sales

Slower growth in soft drinks

Strong tobacco sales




Bolstered ticket sales

Rush to purchase pre-paid highway toll cards in February

10 . Breakdown of Business Results

Consolidated SG & A expenses
Consolidated Operating income

(Yen in million)

	 Circle K		 Sunkus		 C&S	
		Year-on-year change		Year-on-year change		Year-on-year change
Gross profit	65,789	+1,854	56,942	+1,657	122,731	+3,512
Selling, general & administrative expenses	51,682	+1,941	46,014	+1,954	98,562	+3,889
Store leasing expenses	14,960	+1,591	15,951	+1,561	30,965	+3,170
Equipment leasing expenses	4,622	+552	5,708	+16	10,331	+569
Other	32,098	-205	24,354	+376	57,266	+148
Operating income	14,107	-86	10,927	-297	24,168	-376




Main reason for ¥376 million decrease in consolidated operating income
SG&A expenses increased ¥3,889 million

Main reasons for higher SG&A expenses
Higher fixed costs (**leasing expenses**)
Leasing expenses increased as stores were opened in locations that attract customers

11 . Breakdown of Business Results

Consolidated Recurring profit
Consolidated Net income

(Yen in million)

	 Circle K		 Sunkus		 C&S	
		Year-on-year change		Year-on-year change		Year-on-year change
Operating income	14,107	-86	10,927	-297	24,168	-376
Net non-operating losses	-353	-186	-271	-90	-594	-574
Recurring profit	13,754	+100	10,656	-206	23,574	+196
Net extraordinary losses	-808	+57	-1,666	+166	-2,513	+262
Net income	7,432	-81	4,835	-84	11,490	+185

Main reasons for ¥574 million improvement in net non-operating losses

Non-operating income increased by ¥67 million
 Non-operating expenses declined by ¥505 million
 due to absence of previous fiscal year's integration expenses of approx. ¥200 million

Main reasons for ¥262 million deterioration in net extraordinary losses

Extraordinary gains decreased ¥62 million
 Extraordinary losses widened by ¥199 million
 due to an increase of approx. ¥400 million in losses on disposal of property and equipment

12 . Consolidated Cash Flows

(Yen in million)

	2002/2	2003/2	Year-on-year change
Cash flows from operating activities	28,925	25,674	-3,251
Cash flows from investing activities	-19,683	-18,854	+829
Dividends paid	-2,190	-2,584	-394
Free cash flows	7,052	4,236	-2,816
Cash flows from financing activities	-3,245	-6,540	-3,295
Net change in cash and cash equivalents	5,996	279	-5,717

Free cash flow decreased by approximately ¥2,816 million year on year

Cash flow from financing activities
Redemption of ¥3,000 million in bonds at Sunkus

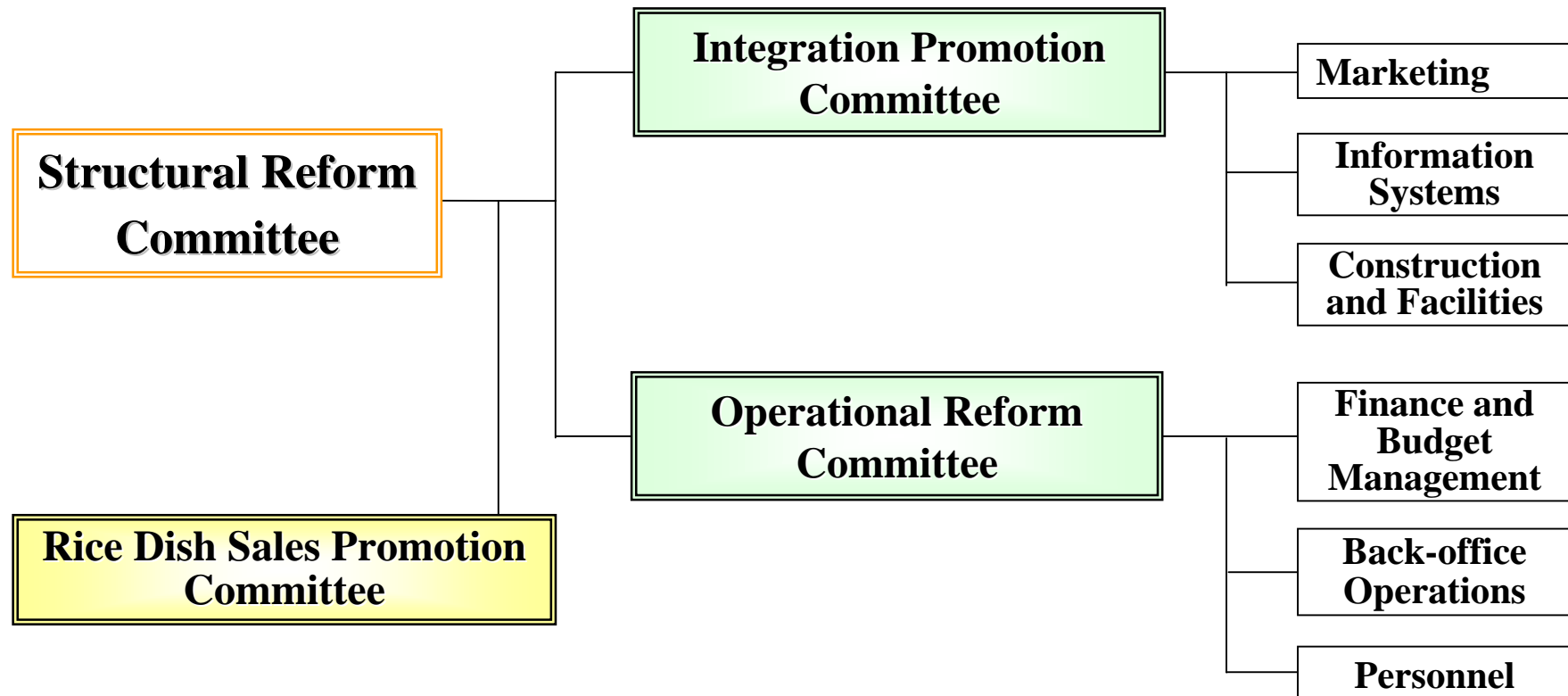
13 . Key Actions in Fiscal Year Ending February 29, 2004

A Year of Broad-Ranging Structural Reforms to Place C&S on a Growth Track Grounded on Qualitative Enhancements

1. Close unprofitable stores

2. Reform high cost structure

3. Strengthen sales activities






14 . Key Actions in Fiscal 2004 *1. Close unprofitable stores*

Close unprofitable stores

Accelerate the closure of currently unprofitable stores and stores likely to become unprofitable—*close a total of 450 C&S Group stores*

Projections for Store Openings and Closures for Fiscal 2004

(Stores)

		2004/2 (Est.)		
		 Circle K	 Sunkus	 C&S
	Stores opened	200	200	400
	Stores closed	250	200	450
Franchised and Company-owned stores		2,660	2,257	4,917
	Stores opened	32	125	157
	Stores closed	31	60	91
Area franchised stores		262	1,078	1,340
	Stores opened	232	325	557
	Stores closed	281	260	541
Group total		2,922	3,335	6,257

15 . Key Actions in Fiscal 2004 2. Reform high cost structure

Integration Promotion Committee

Improve product markups by 0.2 percentage point

- Categories include: snacks, processed foods and general merchandise, etc.

Reduce construction-related capital expenditures by approx. ¥0.6 billion

- Both conveniences store chains will standardize building materials

Operational Reform Committee

Reduce store-related leasing expenses by ¥170 million

- Under the direction of a specialized team, rents at existing stores will be renegotiated

Lower costs of in-store consumables by approximately ¥1.2 billion

- Conduct negotiations that leverage economies of scale
- Franchised stores to reap full benefit of cost reductions

16 . Key Actions in Fiscal 2004 3. *Strengthen sales activities*

□ Rice Dish Sales Promotion Committee

**C&S will lead drive to increase orders
of rice dishes from stores**









*C&S will mainly target stores
in the strategic regions of Nagoya and Tokyo*



**Increase sales by promoting sales
of mainstay rice dishes**

17 . Projections of Business Results for Fiscal 2004

(Yen in million)

	2003/2			2004/2 (Est.)		
	 Circle K	 Sunkus	 C&S	 Circle K	 Sunkus	 C&S
Sales of franchised and Company-owned stores	485,670	406,219	891,889	474,540	402,930	877,470
Sales of area franchised stores	36,231	165,439	201,670	33,530	168,500	202,030
Sales of Group	521,901	571,658	1,093,560	508,070	571,430	1,079,500
Y-o-y change in existing-store sales	-1.6%	-2.5%	-2.0%	-5.8%	-4.8%	-
Average product markup	28.0%	28.8%	-	29.2%	29.4%	-
Total operating revenues	93,090	65,223	158,313	88,600	65,900	154,500
Gross profit	65,789	56,942	122,731	66,600	58,000	124,600
Operating income	14,107	10,927	24,168	14,400	9,300	22,700
Recurring profit	13,754	10,656	23,574	11,630	8,080	18,700
Net income	7,432	4,835	11,490	5,700	3,450	7,800

Note: Existing-store sales at Circle K and Sunkus are forecast to decrease in the fiscal year ending February 29, 2004 due to the termination of sales of high-end pre-paid highway toll cards on February 28, 2003.

18 . Three-year Plan (Consolidated)

(Store, Yen in million)

(Plan)	2004/2	2005/2	2006/2
Stores opened	400	425	435
Stores closed	450	160	180
Sales of franchised and Company-owned stores	877,470	899,100	945,500
Operating income	22,700	26,300	29,200
Recurring profit	18,700	25,100	27,700
Net income	7,800	12,500	13,900

(Note) Figures exclude area franchisers.

19 . Returning Profits to Shareholders

Dividend Policy

- In the near-term, C&S aims to pay out approximately 20% of consolidated net income in the form of dividends.
- Plans call for raising the dividend payout ratio to around 25% to 30%.

Dividends for the Fiscal Year Ended February 28, 2003

- Dividends per share for the year : ¥32
- Payout ratio : 24.2%