

Consolidated financial summary for the Six-Month Period Ended August 31,2001

C&S co., Ltd.

Securities traded: The first section of the Tokyo Stock Exchange and Nagoya Stock Exchange (Securities Code No.7437)

Registered head office: Aichi Prefecture (Headquarters: Kyobashi YS Bldg.,4F,12-5,Kyobashi 1-chome,Chuo-ku,Tokyo Japan)

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Date of the Board of Directors meeting to settle accounts for the interim period under review: October 15,2001

Parent company: UNY co., Ltd. (Securities Code No.8270) Ownership of parent company: 46.7%

Notes: Prepared in accordance with the Interim Financial accounting Standards in Japan.

1. Business Results for the Interim Period Under Review (From March 1, 2001 to August 31, 2001)

C&S Co., Ltd. was formed following the exchange of every Sunkus share for 0.9 of a Circle K share on July 1, 2001. All Circle K shares became C&S shares on the same date. Consolidated interim financial statements have been prepared effective from the six-month period ended August 31, 2001, and consolidated financial statements will be prepared effective from the fiscal year ending February 2002. Consequently, no comparisons have been made with the corresponding periods of the previous fiscal year.

(1) Consolidated operating results

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

| | Total operating revenues | Increase over the preceding period | Operating income | Increase over the preceding period | Recurring profit | Increase over the preceding period |
|--------------------------|--------------------------|------------------------------------|------------------|------------------------------------|------------------|------------------------------------|
| | Millions of yen | %change | Millions of yen | %change | Millions of yen | %change |
| Current interim period | 78,658 | (-) | 14,956 | (-) | 14,571 | (-) |
| Preceding interim period | | (-) | | (-) | | (-) |
| Last fiscal year | | | | | | |

| | Net income | Increase over the preceding period | Net income per share | Diluted Net income per share |
|--------------------------|-----------------|------------------------------------|----------------------|------------------------------|
| | Millions of yen | %change | Yen | Yen |
| Current interim period | 7,734 | (-) | 107.70 | |
| Preceding interim period | | (-) | | |
| Last fiscal year | | | | |

Note: Equity in earnings or loss of investees Current interim period ¥ million
 Preceding interim period ¥ million
 Last fiscal year ¥ million

Average number of shares (Consolidated) during Current interim period 71,818,201 shares
 Preceding interim period shares
 Last fiscal year shares

Average number of shares (Consolidated) for the period assumes that the stock exchange was implemented at the beginning of the period.
 Change in accounting policies: None

(2) Consolidated financial conditions

| | Total assets | Shareholders equity | Equity ratio | Shareholders equity per share |
|--------------------------|-----------------|---------------------|--------------|-------------------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Current interim period | 190,151 | 94,966 | 49.94 | 1322.32 |
| Preceding interim period | | | | |
| Last fiscal year | | | | |

Notes: Number of shares outstanding (Consolidated) at the end of Current interim period 71,818,171 shares
 Preceding interim period shares
 Last fiscal year shares

(3) Consolidated cash flow

| | Operating activities | Investing activities | Financing activities | Ending balance of cash and cash equivalent |
|--------------------------|----------------------|----------------------|----------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Current interim period | 21,650 | 9,144 | 1,099 | 44,522 |
| Preceding interim period | | | | |
| Last fiscal year | | | | |

(4) Scope of consolidated subsidiaries

Consolidated subsidiaries : 2 Companies Affiliates applicable of equity method: None

(5) Change in scope of consolidation and equity method

Consolidation : (Inclusion) 2 Companies (Exclusion) None Equity method : (Inclusion) None (Exclusion) None

2. Consolidated Business Outlook for the Fiscal Year Ending February 28, 2002 (From March 1, 2001 to February 28, 2002)

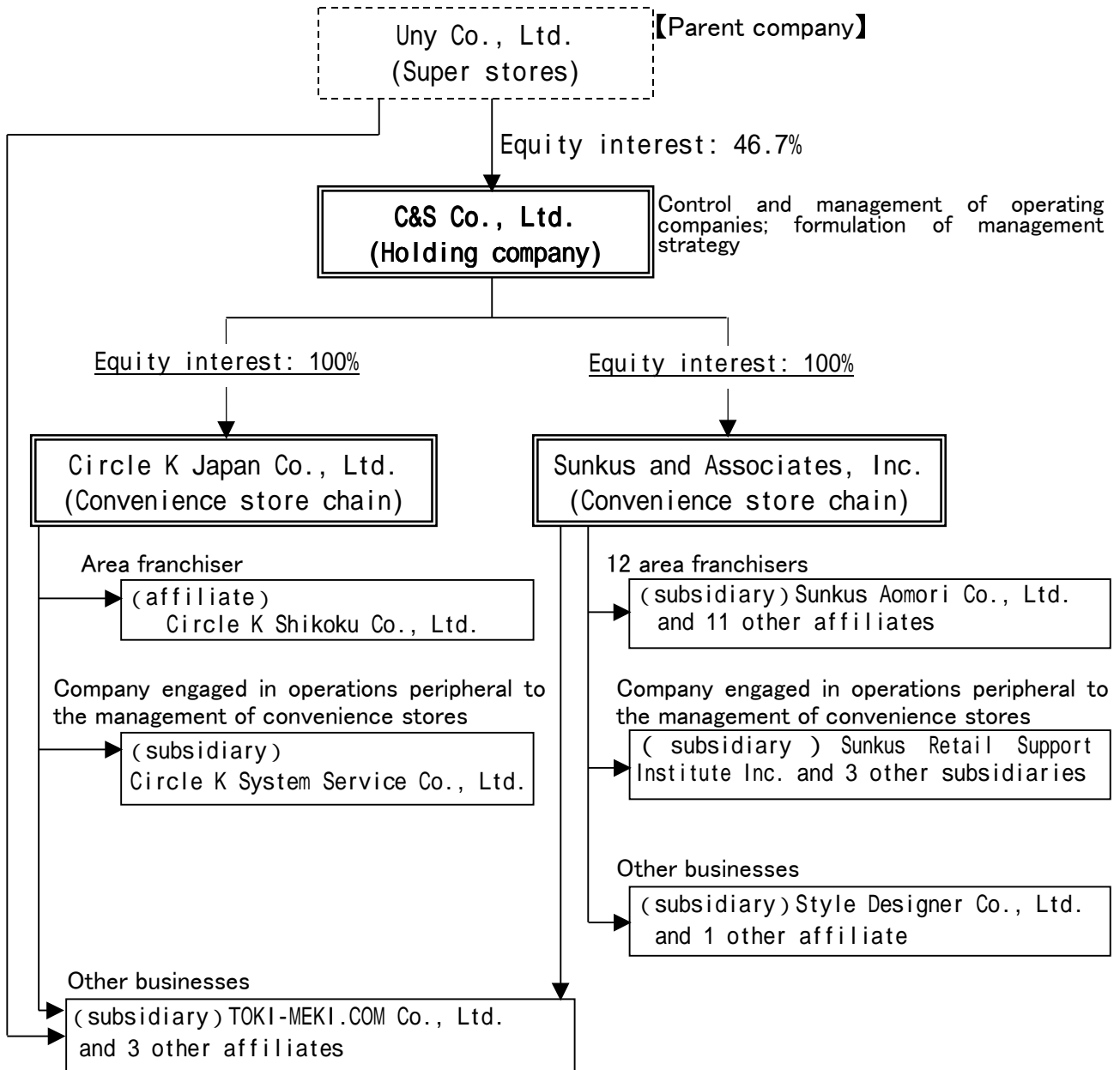
| Total operating revenues | Recurring profit | Net income |
|--------------------------|------------------|-----------------|
| Millions of yen | Millions of yen | Millions of yen |
| 154,000 | 23,300 | 12,100 |

(Reference) Projected net income per share ¥140.40 (Reflected a 1.2 for 1 stock split to be implemented on October 22, 2001)

1. Group Organization

C&S Group is a member of the Uny Group, an operator of the major superstore chains, C&S Group comprises a total of 27 companies: two wholly owned consolidated subsidiaries, Circle K Japan Co., Ltd. and Sunkus and Associates, Inc., 8 other subsidiaries, and 16 affiliates. It is primarily engaged in the development and management of convenience franchised stores. Circle K Japan Co., Ltd. and Sunkus and Associates, Inc., also oversee networks of convenience stores managed by area franchisers. With a store network extending from Hokkaido to Kagoshima, the C&S Group had a presence in 35 prefectures as of the end of August 2001.

The following chart depicts the C&S Group and the roles of subsidiaries in respect to business lines.



2. Management Policy

Basic Business Policy

C&S Co., Ltd. (C&S) is committed to remaining one of Japan's largest convenience store operators and to achieving stable earnings growth by building upon a solid foundation comprising two operating companies—Circle K Japan Co., Ltd. and Sunkus and Associates Inc. C&S also aims to become the industry No.1 in delivering customer, franchisee, employee and shareholder satisfaction. Achieving this goal will raise C&S' corporate value and enhance its standing as a corporate citizen.

(1) Basic Earnings Distribution Policy

C&S' 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. More specifically, it aims to pay out approximately 20% of consolidated net income in the current term in the form of dividends. However, C&S intends to raise the dividend payout ratio to 25% to 30% in the future.

For the six months ended August 31, 2001, C&S will pay an interim dividend of ¥16 per share, including a commemorative dividend of ¥2 per share. Furthermore, C&S plans to pay a year-end dividend of ¥14 per share. C&S has also resolved to conduct a 1.2 for 1 stock split for shareholders of record on August 31, 2001.

(2) Medium- to Long-Term Management Strategy and Targets

• Medium- to Long-Term Management Strategy

As competition intensifies in Japan's convenience store industry, Circle K and Sunkus believe that it is an imperative to be one of the largest members of the industry if it is to sustain high growth. This thinking was behind the launch on July 1, 2001 of C&S as a holding company with 100% ownership of the issued stock of Circle K and Sunkus. Under the auspices of C&S, the two operating companies integrate their businesses in selected areas but will maintain a certain level of autonomy. Circle K and Sunkus will compete in the same market in a spirit of healthy competition. This will raise the standard of operations of both companies and ultimately help to maximize C&S' share price. Guided by the keywords of "Integration and decentralization," Circle K and Sunkus concentrate on deriving benefits from their collective scale and strengths in a range of areas from marketing to the development of information systems and e-business.

The two operating companies aim to open quality new stores in a consistent manner, while reinforcing and improving basic operations in areas such as raising average daily sales per store, enhancing supervision of franchised stores and upgrading product development. Circle K and Sunkus are seeking to achieve average daily sales per store of ¥550,000 in 3 to 4 years. C&S holds regular "Operation 55" conferences to coordinate, track progress, and direct the activities of business divisions throughout the C&S Group toward this goal.

• Management Targets

In addition to its average daily sales per store target, C&S is aiming for annual growth in total store sales of at least 10% and growth in recurring profit of at least 15%. Moreover, C&S targets consolidated ROE of 15% within 3 years.

(3) Corporate Governance

The Role of the Holding Company

In March 2001, the C&S Preparation Office was established to pave the way for the foundation of C&S by examining, among other issues, possible organizational structures and business plans. C&S was subsequently launched in July 2001 as a holding company responsible for medium- and long-term planning and the formulation of overall group strategy. C&S' organizational structure comprises three divisions—Marketing Division, Finance and Accounting Division and Information Systems Division—as well as the Corporate Planning Office and the e-business Division. Additionally, the Management Strategy Meeting was formed to discuss important issues relating to key strategies and ways to promptly execute and achieve the goals set forth. The ultimate goal is to maximize earnings on a consolidated basis. To this end, the two operating companies are mandated to share information, expertise and ideas, as well as to apply best practices uniformly and compensate for weaknesses. All business divisions hold regular meetings to discuss ways to achieve

the overriding goal of both Circle K and Sunkus: average daily sales per store of ¥550,000.

The Marketing Division conducts joint purchasing negotiations on behalf of more than 5,000 stores to procure goods and services at a lower cost and thus contribute to improving product markups. The Information Systems Division oversees the integration of information systems with the aim of reducing development and administrative costs and improving productivity. The Finance and Accounting Division is responsible for budget management and upgrading investor relations activities. The e-business Division is tasked with exploring promising e-business opportunities. The Corporate Planning Office, meanwhile, coordinates business activities within the group, performs comparative analysis and formulates proposals, oversees public relations promotional activities and conducts surveys for future tie-ups, among other activities.

Group Organization

Final decision-making authority rests with the Board of Directors of C&S. However, a Management Strategy Meeting is convened once a month to form a consensus among group companies on strategically important issues and to coordinate their activities. Directors, corporate auditors and the presidents of the two operating companies participate in these meetings.

As a listed company, C&S is directly accountable to shareholders for management, whereas the two operating companies, Circle K and Sunkus, bear responsibility for executing strategy toward achievement of targets to which they have agreed. Under the leadership of new presidents, the two operating companies are working to strengthen their respective marketing activities, and maintain a healthy rivalry even as critical information is shared. Circle K and Sunkus are granted a certain degree of management autonomy within bounds of executing strategy.

Corporate Governance Policies

In respect to checks and balances on management, C&S is audited by its Board of Corporate Auditors, as well as external auditors, as stipulated in Japan's Commercial Code. In addition, C&S actively discloses financial and other information to allow shareholders, investors, the media and others to constantly monitor the performance of management. More specifically, C&S provides news releases to the media, holds presentations for Japanese and foreign institutional investors and financial analysts, and regularly conducts interviews with them. Information is also provided on C&S' homepage.

(5) Issues to Be Addressed

The Japanese convenience store industry continues to face a severe operating environment in terms of sales performance at existing stores. The industry as a whole has been battered by a persistent decline in sales per customer due to worsening deflation and intensifying competition.

Set against this backdrop, C&S has maintained a strong customer focus by remaining committed to improving the quality of each and every store rather than merely resorting to price discounting. Specifically, C&S is working to open new stores that consistently turn in strong sales and to achieve the most competitive business scale possible, with the aim of boosting average daily sales at franchised stores to ¥550,000 as early as possible and becoming No.2 in the industry. To that end, C&S will build a network of quality franchised stores and improve support for these stores, while applying information systems, developing and selling new products, improving store conditions, and revitalizing existing stores. C&S will also overhaul its distribution and store management systems. As mentioned previously, the two operating companies will enhance their operations through healthy competition in areas where the greatest benefits can be derived. C&S will continue to respect the autonomy of each operating company's operations, while centralizing marketing activities, information systems, e-business and finance businesses.

(6) Basic Policy Regarding Relationships Among Group Members

① Parent Company

C&S is a member of the Uny Group, a retailing group comprising retailers, most notably Uny Co., Ltd., and specialty stores. Uny holds 46.7% of C&S' issued shares. The parent company emphasizes management at the consolidated level and collaboration among group companies, as it seeks to

contribute to regional communities and improve operating results.

Chairman Ieda of Uny Co., Ltd. concurrently serves as a director on C&S' Board. C&S receives advice and the consent of the parent company in respect to important issues such as capital and financing and business alliances. Although Uny and C&S both operate in the retail sector, the two companies have different business models—superstores and conveniences stores, respectively. Accordingly, the parent company respects the autonomy of C&S in respect to management strategy in the operation of convenience stores.

② Subsidiaries

Circle K Japan Co., Ltd. and Sunkus and Associates Inc. form the nucleus of the C&S Group. The companies each operate franchised convenience stores under their own brand names. As the parent company of Circle K and Sunkus, C&S appoints high-level corporate officers and formulates and authorizes overall group strategy. At the same time, C&S respects the autonomy of the two operating companies, allowing them to formulate specific policies at the operational level.

③ Affiliates

The two operating companies invest in area franchisers, companies engaged in operations peripheral to the management of convenience stores, and other companies. Circle K and Sunkus provide guidance and advice to their respective affiliates in the first two categories. However, C&S takes part, directly and indirectly from the perspective of maximizing group earnings in the decision-making process and strategy formulation for e-business and other areas that are positioned as next-generation businesses.

3. Operating Results

1. Overview of Six Months Ended August 31, 2001

During the six-month period ended August 31, 2001, Japan's economy showed further signs of a slowdown, particularly as the IT-related sector, a key growth driver thus far, lost momentum. The convenience store industry, too, continued to face a severe operating environment, as consumer spending remained lackluster, deflation took hold and competition escalated. In this climate, the C&S Group worked in all areas from development, store management, products, and information systems, to enhance the quality and competitiveness of each and every franchised store. The overriding goal is to achieve its goal of attaining average daily store sales of ¥550,000.

① Store Development

Circle K

Amid intense competition, Circle K opened 99 stores during the interim period, compared with 65 stores in the corresponding period of the previous fiscal year. The adoption of a new franchise agreement package in November 2000 was one important factor. In opening new stores, Circle K gave precedence to securing prime locations over cost, remaining sharply focused on profitability, with the goal of developing stores that can generate high daily sales from their first year of operation. Circle K also relocated 11 existing stores. As a consequence, average daily sales at new stores were ¥441,000, largely on a par with the previous fiscal year.

Sunkus

With a keen emphasis on quality, Sunkus continued to actively expand its store network. In March 2001, Sunkus opened a new store in an expressway rest area, the Owariichinomiya Parking Area Store. Moreover, Sunkus and Nagoya Railroad Co., Ltd. formed an alliance to open convenience stores in key locations within railway stations. To improve existing stores, Sunkus obtained liquor and tobacco licenses, enlarged parking areas, raised store visibility, renovated stores, increased store floor space and improved a host of other conditions. The result of these efforts was the opening of 120 new stores, including the relocation of 14 stores. Average daily sales at new stores were ¥494,000.

② Store Management

Circle K

Under the leadership of a new president, Circle K focused on three key themes to improve store operations: a renewed focus on frontline operations, reform of corporate culture, and low cost management and enhanced sales activities. The Head Office and franchised stores pressed ahead with the "Happy Project Campaign," a concerted effort to reaffirm the importance of the customer's perspective, share best practices and do the basics right. Since its inception in October 2000, this campaign has been themed on "Doing the basics right." The campaign calls for thorough implementation of the five basic principles of store operation: friendly service, a full product lineup, clean stores, minimizing opportunity losses, and quality assurance. Storeowners, employees, and supervisors alike are called upon to pinpoint the strengths and weaknesses of stores in relation to competitors, and to subsequently build on strengths while eliminating weaknesses. At the same time, Circle K is working to enhance the image of its stores and to promote a positive mindset among franchisees. Circle K held meetings with franchisees under the banner of "Improving customer satisfaction through the 'Happy Project Campaign'" from late May to late June at eight sites nationwide. Moreover, Circle K aims to grow sales and bolster operational efficiency through the effective use of its new store-support system. The company is also making steady progress with strategies that will enable it to hold its ground against the major convenience store chains that are expected to advance into Aichi Prefecture in the future. As a result of these efforts, sales of existing stores were held to a marginal decline of 0.1% on a year-on-year basis. Moving forward Circle K

will endeavor to maintain a strong industry position in terms of sales growth at existing stores.

Sunkus

Under the leadership of a new president, Sunkus focused on improving frontline operations, in keeping with its vision of “Becoming the convenience store of choice.” More specifically, as a new benchmark for evaluating franchised stores, a “customer satisfaction score” system has been introduced, allowing Sunkus to pinpoint strengths and weaknesses of each store from the customer’s perspective. At franchised stores, Sunkus is promoting a style of management that lays emphasis on mobilizing all employees. To further this drive, a new information systems were in fall 2000 for new stores, and upskilling seminars for part-time and contract employees have been held in each region. Moreover, in respect to order placement, Sunkus has instructed franchised stores to shift their focus from minimizing unsold products to minimizing opportunities losses, while encouraging the creation of competitive stores, through the use of tables that compare the performance of rival stores with those of Sunkus. Furthermore, the store management optimization team worked to raise sales by improving the quality of franchised stores, such as by replacing store managers, at 51 stores, 18 more than in the corresponding period of the previous year. As a result, same stores sales rose 0.6% in the five-month period ended July 31, 2001, but declined by 0.4% for the interim period due to the effects of inclement weather in areas north of the Kanto region in August.

③Products

Circle K

Guided by the theme of delivering “super quality and super value,” Circle K actively worked to enhance fast foods. In breads, the nationwide launch of chilled sandwiches in April 2001 and the debut of ‘Kobe Delica,’ which meets the needs of customers looking for added value, made a substantial contribution to sales. Additionally, Circle K continued to create new products imbued with more value. Notably, Circle K promoted original themed-boxed lunches through tie-ups with radio stations in June 2001 and also jointly developed a hamburger boxed lunch with the Westin Nagoya Castle Hotel in August.

In processed foods, Circle K and Tokachi Niitsu Seimen Co. Ltd. formed a tie-up to jointly develop a series of original instant noodle dishes, called Go-toten Ramen. These value-added instant noodle dishes not only provided novelty value but also made a significant contribution to sales.

In the non-foods category, Circle K actively developed new product categories to boost sales. In particular, Circle K recorded brisk sales of hats. Affordably priced at ¥980, these hats were launched at all stores in March 2001. DHC-brand health food series, launched the following month, mirrored the strong performance of DHC cosmetics, playing an instrumental role in attracting women customers and differentiating Circle K’s product lineup.

In the services segment, prepaid cards posted steady growth in sales. In addition to sales of mainstay prepaid calling cards for mobile phones, “Mobile Checks,” which can also be used by customers with ordinary phone contracts, helped to draw in new customers.

Sunkus

During the six-month period ended August 31, 2001, Sunkus worked to increase sales through a variety of sales promotions, including the development of several products in conjunction with radio stations. Making a significant contribution to sales were the ‘Shinya Hashimoto Menu,’ a series of food products named after a popular professional wrestler, and volume-packed food products such as a new rice snack called Hasan DE Gohan. In addition, other popular products include the Japan Broadcasting Female Newsreader Lunch, which generated sales of ¥100 million over an 11-day period in the Kanto region; Urban Curry, launched in Ishikawa, Bisuikyo Chilled Noodles in

Miyazaki, and Kid's Meal for Adults, launched in Chukyo. In processed foods, in addition to the previously mentioned Go-toten Ramen series, Sunkus engaged in a unique project with food manufacturers to develop products based on recipes submitted by customers over the Internet.

To boost sales in the non-foods segment, Sunkus made active efforts to develop new product categories. Sunkus began selling products previously unavailable at convenience stores such as dress shirts and neckties, choosing products best suited to the location of a given store using a scheme called the "cassette method." In the summer, Sunkus sold sunglasses and straw hats in order to create a seasonal atmosphere at stores. DHC health foods, sales of which started in April 2001, along with DHC cosmetics, also made a substantial contribution to sales.

In the services category, Sunkus made full use of the ticket-issuing function of new point-of-sales registers introduced in fall 2000 to differentiate itself from the competition and grow sales. This included tickets to popular events, including content rich in local flavor, such as J-league soccer tickets.

The average markup for all products during the six-months ended August 31, 2001 was 28.3% for Circle K and 29.0% for Sunkus. Markups for both companies increased by 0.5 of a percentage point compared with the corresponding period of the previous year. This increase was primarily attributable to robust sales of fast food products, higher sales of soft drinks fueled by a summer heat wave, and sales of DHC products as well as to the handling of relatively fewer-low markup products. Additional factors behind the improved average markup were the effects of joint purchasing negotiations by C&S' marketing division and the coordination of manufacturers and vendors. To commemorate the founding of C&S, Sunkus and Circle K held a joint sales campaign called the "Tobikkiri Summer 2001 Campaign" from mid-July through August.

As a result of the above, total store sales climbed 6.0% to ¥439,432 million. Total store sales, including area franchisers, were ¥532,250 million, an increase of 7.3%. The C&S Group achieved a net increase of 211 stores to 5,730, compared with the end of February 2001. Consequently, consolidated total operating revenues climbed 8.2% to ¥78,658 million.

Consolidated operating income was ¥14,956 million, approximately 15% above target. This represented a 10.0% increase over the ¥13,601 million recorded in the corresponding period of the previous fiscal year and was primarily attributable to relatively brisk sales through July, a substantial improvement in markups and cost-reduction efforts. Consolidated recurring income climbed 9.9% to ¥14,571 million, compared with ¥13,261 million in the same period a year earlier, in spite of expenses totaling ¥205 million associated with the establishment of C&S Co., Ltd. This level of recurring income exceeded C&S' initial forecast of ¥12,530 million. Consolidated net income increased 6.4% to ¥7,734 million, compared with ¥7,267 million in the same period of the previous fiscal year, exceeding C&S' initial target of ¥6,620 million.

Consolidated cash and cash equivalents at the end of the interim period were ¥44,522 million, ¥11,406 million higher than the balance at the end of the previous fiscal year, primarily owing to net cash provided by operating activities.

① Cash flows from operating activities

Net cash provided by operating activities was ¥21,650 million, reflecting income before income taxes of ¥13,738 million, depreciation and amortization of ¥4,995 million, and an increase in other current liabilities of ¥10,187 million.

② Cash flows from investing activities

Net cash used in investing activities was ¥9,144 million, mainly owing to the use of ¥4,547 million for the acquisition of property and an increase in fixed leasehold deposits of ¥3,948 million. An additional factor was payments for the acquisition of intangible fixed assets totaling ¥2,968 million. This included Circle K's new Step 2 Store-Information System, set to come online in the second half of the current fiscal year, and the integrated accounting system.

③ Cash flows from financing activities

Net cash used in financing activities was ¥1,099 million, mainly consisting of combined dividends of ¥1,041 million paid by Circle K and Sunkus, as well as Sunkus' repayment of ¥200 million in long-term bank loans.

2. Earnings Forecast for the Fiscal Year Ending February 28, 2002

Both the bursting of the IT bubble and the September terrorist attacks in the United States have caused a dramatic slowdown in the world economy, leaving the economic outlook open to conjecture. Many Japanese companies have responded by accelerating layoffs, which has resulted in an unemployment rate of over 5%, further dampening consumer sentiment. Consumer malaise, signs of a deflationary spiral and growing competition are expected to pose greater challenges for the convenience store industry.

Set against this backdrop, the C&S Group is working to raise the efficacy of business integration initiatives, improve the mark-up of products and pare store costs to withstand the forces of competition. Part of the Group's strategy also calls for taking full advantage of greater purchasing power stemming from combined Circle K and Sunkus sales of around ¥1 trillion. Specifically, the two operating companies will share information as well as apply best practices uniformly and compensate for weaknesses, in order to achieve the overriding goal of average daily sales per store of ¥550,000. The C&S Group will also work to increase sales and earnings by reaffirming the importance of doing the basics right, while effectively using its new store-support system, enhancing customer convenience and offering new services.

As a result of these endeavors, C&S forecasts total store sales, excluding area franchised stores, for the fiscal year ending February 28, 2002, of ¥868,026 million, representing a 6.7% year-on-year increase. C&S also forecasts total store sales, including area franchised stores, of ¥1,054,575 million, an 8.1% increase. C&S expects to open a total of 640 new stores: 204 new Circle K stores, 250 Sunkus stores, and a total of 186 area franchised stores. As a result, the C&S store network is expected to comprise 5,981 stores as of February 28, 2002, representing a year-on-year net increase of 462 stores. Factoring in increasingly severe operating conditions, C&S forecasts consolidated recurring profit of ¥23.3 billion, an increase of 4.0%, and consolidated net income of ¥12.1 billion, an increase of 50.5%. C&S will endeavor to at least exceed its initial earnings targets.

Note: Year-on-year comparisons in this section have been made with combined figures for Circle K and Sunkus for the previous fiscal year, after necessary adjustments. These comparisons have been provided solely for the convenience of readers, and have not been prepared in accordance with guidelines applicable to the preparation of consolidated financial statements.

4.

(1) Consolidated interim balance sheet

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

(millions of yen)

| | August 31, 2001 | |
|---|-----------------|------------|
| | Amount | % of total |
| <u>ASSETS</u> | | % |
| Current assets | | |
| Cash and cash equivalents | 28,773 | |
| Due from franchised stores | 3,373 | |
| Marketable securities | 16,253 | |
| Inventories | 2,534 | |
| Other current assets | 14,266 | |
| Allowance for doubtful accounts | 764 | |
| Total current assets | 64,437 | 33.9 |
| Fixed Assets | | |
| Property and equipment | | |
| Buildings | 19,392 | |
| Furniture and fixtures | 6,145 | |
| Land | 8,050 | |
| Other fixed Assets | 252 | |
| Total property and equipment | 33,841 | 17.8 |
| Intangible fixed assets | | |
| System software | 9,342 | |
| System software development in progress | 1,907 | |
| Consolidated adjustment account | 13,094 | |
| Other | 2,817 | |
| Total intangible fixed assets | 27,162 | 14.3 |
| Investment and other | | |
| Investment securities | 6,270 | |
| Long-term leasehold deposits | 50,349 | |
| Other | 9,593 | |
| Allowance for doubtful accounts | 1,503 | |
| Total investment and other | 64,710 | 34.0 |
| Total Fixed Assets | 125,714 | 66.1 |
| Total Assets | 190,151 | 100.0 |

(millions of yen)

| | August 31, 2001 | |
|---|-----------------|------------|
| | Amount | % of total |
| <u>LIABILITIES</u> | | % |
| Current liabilities | | |
| Trade payable | 42,274 | |
| Accounts payable due to franchisees | 4,640 | |
| Short-term borrowings | 2,400 | |
| Current portion of long-term debt | 700 | |
| Other accounts payable | 3,829 | |
| Income taxes payable | 6,023 | |
| Deposits received | 10,181 | |
| Accrued bonuses to employees | 819 | |
| Other current liabilities | 4,755 | |
| Total current liabilities | 75,623 | 39.8 |
| Long-term liabilities | | |
| Bonds | 3,000 | |
| Employee retirement benefits liability | 4,040 | |
| Accrued for officers' retirement benefits | 268 | |
| Leasehold deposits received | 12,240 | |
| Other long-term liabilities | 11 | |
| Total long-term liabilities | 19,561 | 10.3 |
| Total liabilities | 95,185 | 50.1 |
| <u>SHAREHOLDERS' EQUITY</u> | | |
| Common stock | 13,469 | 7.1 |
| Legal reserve | 26,223 | 13.8 |
| Retained earnings | 54,713 | 28.7 |
| Net unrealized gains on available-for-sale securities | 565 | 0.3 |
| | 94,971 | 49.9 |
| Less, treasury stock | 4 | 0.0 |
| Total shareholders' equity | 94,966 | 49.9 |
| Total liabilities and shareholders' equity | 190,151 | 100.0 |

(2) Consolidated interim statement of income

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

(millions of yen)

| | Six-month period ended August 31, 2001 | |
|---|--|------------|
| | Amount | % of total |
| Operating revenues | 55,148 | 70.1 |
| Sales reported by franchised stores (excluding area franchised stores) | 4 1 5 , 9 2 2 | |
| Sales of total chain store (excluding area franchised stores) | 4 3 9 , 4 3 2 | |
| Net sales of company-owned stores | 23,509 | 29.9 |
| Total operating revenues | 78,658 | 100.0 |
| Cost of sales | 17,538 | 22.3 |
| Gross profit | 61,119 | 77.7 |
| Cost of selling, general and administrative expenses | 46,162 | 58.7 |
| Operating Income | 14,956 | 19.0 |
| Non-operating income | 275 | 0.3 |
| Non-operating expenses | 660 | 0.8 |
| Recurring profit | 14,571 | 18.5 |
| Extraordinary gains | 68 | 0.1 |
| Extraordinary losses | 901 | 1.1 |
| Income before income taxes | 13,738 | 17.5 |
| Income taxes-current | 5,962 | 7.6 |
| Income taxes-deferred | 41 | 0.1 |
| Net Income | 7,734 | 9.8 |

(3) Consolidated interim statement of retained earnings

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

(millions of yen)

| | Six-month period ended August 31, 2001 | |
|---|--|--------|
| | Amount | |
| Beginning balance of retained earnings | | 48,121 |
| Decrease in retained earnings | | |
| Dividends | 1,041 | |
| Bonuses to directors and corporate auditors | 101 | 1,142 |
| Net income | | 7,734 |
| Ending balance of retained earnings | | 54,713 |

(4) Consolidated cash flow statement

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

(millions of yen)

| | Six-month period ended August 31, 2001 |
|---|--|
| | Amount |
| Cash flows from operating activities: | |
| Income before income taxes and others | 13,738 |
| Depreciation | 4,995 |
| Amortization of consolidation account adjustment | 374 |
| Gain or loss on sale of fixed assets | 833 |
| Increase in allowance for doubtful receivables | 40 |
| Decrease in accrued bonuses to employees | 16 |
| Increase in employee retirement benefit liability | 26 |
| Increase in accrued retirement benefits to directors | 196 |
| Interest and cash dividends income | 166 |
| Interest expenses | 61 |
| Increase in other accounts receivable | 166 |
| Increase in inventories | 441 |
| Increase in accounts payable | 10,187 |
| Directors' and corporate auditors' bonus payment | 101 |
| Other | 2,613 |
| Sub-total | 26,553 |
| Interest and dividends received | 199 |
| Interest paid | 50 |
| Income taxes paid | 5,052 |
| Net cash provided by operating activities | 21,650 |
| Cash flows from investing activities: | |
| Increase in property and equipment | 4,547 |
| Decrease in property and store facilities | 393 |
| Increase in intangible fixed assets | 2,968 |
| Increase in investment securities | 458 |
| Decrease in investment securities | 1,500 |
| Increase in loans receivable | 91 |
| Correction of loans receivable | 156 |
| Increase in fixed leasehold deposits | 3,948 |
| Correction of fixed leasehold deposits | 1,153 |
| Other | 333 |
| Net cash used in investing activities | 9,144 |
| Cash flows from financing activities: | |
| Repayments of long-term debt | 200 |
| Dividends paid | 1,041 |
| Increase in guarantee deposits received | 999 |
| Repayments of guarantee deposits received | 852 |
| Other | 5 |
| Net cash used in financing activities | 1,099 |
| Net change in cash and cash equivalents | 11,406 |
| Cash and cash equivalents at beginning of year | 33,116 |
| Cash and cash equivalents at end of year | 44,522 |