

MARUI GROUP

FY 2007 First - Half Financial Results Presentation



November 10, 2006
MARUI Co., LTD.

-
- 1 . FY07 First-Half Results Overview
 - 2 . FY07 First-Half Review
 - 3 . Strategies for FY07 Second Half and Beyond
 - 4 . FY07 Full-Year Outlook
-

FY07 First - Half

Results Overview

Statements of Income



**Total operating revenues edge down 1% year on year,
operating income decreases 4%, ¥3.6 billion below target**

	Previous period	Target at start of FY07	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Operating revenues	2 6 7.6	2 7 1.0	2 6 4.7	9 8.9	- 2.9	9 7.7	- 6.3
Gross profit	1 0 0.7	1 0 4.0	1 0 2.7	1 0 2.0	+ 2.0	9 8.7	- 1.3
SG&A expenses	8 0.4	8 1.0	8 3.3	1 0 3.5	+ 2.9	1 0 2.8	+ 2.3
Operating income	2 0.3	2 3.0	1 9.4	9 5.7	- 0.9	8 4.3	- 3.6
Ordinary income	2 0.7	2 3.0	2 0.3	9 8.0	- 0.4	8 8.3	- 2.7
Net income	1 0.4	1 0.5	3.3	3 2.2	- 7.1	3 1.9	- 7.2

Billions of yen, %

Breakdown of Total Operating Revenues



Retailing operating revenues below target and ¥6.6 billion lower year on year, total operating revenues edge down ¥2.9 billion

Billions of yen, %

	Previous period	Target at start of FY07	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Operating revenues	267.6	271.0	264.7	98.9	-2.9	97.7	-6.3
Retailing	205.2	204.0	198.6	97	-6.6	97	-5.4
Credit Card and Consumer Finance Services	36.0	38.6	37.0	103	+1.0	96	-1.6
Retailing-Related Services	26.4	28.4	29.1	110	+2.7	102	+0.7

5

Breakdown of Gross Profit



Significant improvement in gross profit margin on Retailing to 30.5%, up 1.2 percentage points, gross profit reaches FY06 level

Billions of yen, %

	Previous period	Target at start of FY07	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Total Gross Profit	100.7	104.0	102.7	102.0	+2.0	98.7	-1.3
Retailing	60.2	60.6	60.6	101	+0.4	100	0
Credit Card and Consumer Finance Services	36.0	38.6	36.9	103	+0.9	96	-1.7
Retailing-Related Services	4.5	4.8	5.2	115	+0.7	107	+0.4
Gross Profit Margin	37.6	38.4	38.8	-	+1.2	-	+0.4
Gross Profit Margin on Retailing	29.3	29.7	30.5	-	+1.2	-	+0.8

6

Main Factors in Operating Income Increases and Decreases



Higher gross profit margin on Retailing increases gross profit but does not offset rise in SG&A expenses

		YOY difference	Target difference	
Gross Profit Margin	Decrease in Retailing operating revenues	- 2.0	- 1.6	- 1.3
	Increase in gross profit margin on Retailing (up 1.2 percentage points year on year)	+ 2.4	+ 1.6	
	Interest income on consumer loans etc.	+ 1.6	- 1.3	
SG&A expenses	Expenses related to Epos Card	+ 3.8	+ 1.3	+ 2.3
	Interest reimbursement expenses/provision for bad debts	+ 2.5	+ 0.4	
	Systems development expenses	- 1.4	± 0.0	
	Others	- 2.0	+ 0.6	
Operating income		- 0.9	- 3.6	

Billions of yen

7

Factors in Non-Achievement of Operating Income Target



Due to interest reimbursement expenses, provision for bad debts, and credit card issuance expenses, operating income falls short of target by ¥3.6 billion

		Target difference		
Retailing		± 0	· Although operating revenues below target, meet targets through improved gross profit margin	
Credit Card and Consumer Finance Services	Credit card	- 1.8	· Non-achievement of targets for financial charges earned from affiliated stores etc.	- 0.8
			· Increase in issuance expenses due to rise in credit card issuance	- 0.6
			· Increase in personnel expenses due to strengthening of credit card issuance system	- 0.4
Credit Card and Consumer Finance Services	Cashing	- 1.8	· Non-achievement of earnings targets due to changes in market conditions	- 0.7
			· Increase in interest reimbursement expenses, provision for bad debts	- 1.1

Billions of yen

8

Allowance for Loss on Interest Reimbursement



Based on JICPA guidelines, change recognition method and record ¥10.9 billion in extraordinary loss

Future interest reimbursements forecast and calculated using past interest reimbursements results

FY07 interim allowance **¥13.2 billion**

Allowance recorded in FY06 **¥1.9 billion**

Allowance for loss on interest reimbursement ¥1.2 billion
Provision for bad debts (amount of principal write offs) ¥0.7 billion

Recalculate allowance for FY06 **¥12.8 billion**

Recalculation of FY06's allowance using same methods as for FY07

Record ¥10.9 billion in extraordinarily loss

Increase FY06 ¥1.9 billion allowance to ¥12.8 billion

Net income of ¥3.3 billion, 69% lower than initial target (November 2 results amendment)

9

Segment Information



3.7% operating income margin on Retailing approximately same year on year

Billions of yen, %

	FY06 First-half			FY07 First-half		
	Retailing	Credit card and consumer finance services	Retailing-related services	Retailing	Credit card and consumer finance services	Retailing-related services
Operating Revenues	205.2	36.0	50.2	198.6	38.6 (37.0)	51.8
Operating Expenses	197.4	24.3	47.7	191.3 (189.7)	27.7	48.4
Operating Income	7.8	11.7	2.5	7.3 (8.9)	10.9 (9.3)	3.4
Year on year (%)	212	120	-	94 (115)	93 (80)	-
Operating Income Margin (%)	3.8	32.6	-	3.7 (4.5)	28.2 (25.1)	-

* Figures in parenthesis indicate consolidation elimination for credit card transactions within the Group accompanying the launch of Epos Card

10

FY07 First - Half Review

Breakdown of Retailing Operating



Revenues decrease because unable to compensate for ¥7.7 billion from closed stores, existing store revenues same year on year

Billions of yen, %

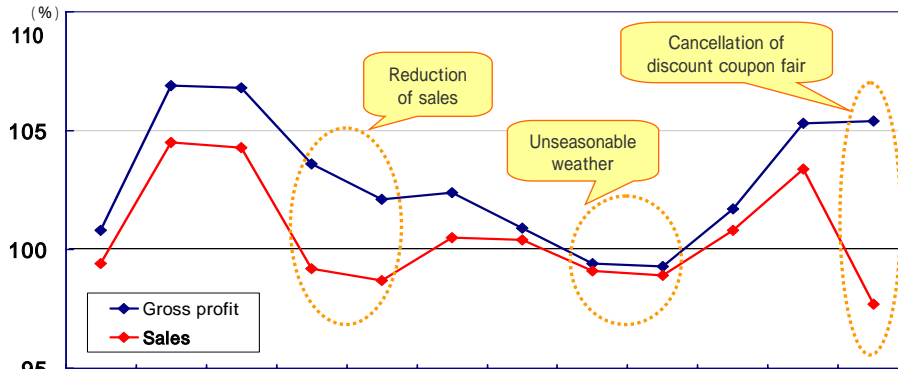
	Previous interim period	Target at start of FY07	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Retailing operating revenues	205.2	204.0	198.6	96.8	-6.6	97.4	-5.4
Existing stores	196.4	201.8	196.4	100	0	97	-5.4
Real stores	190.4	194.8	189.6	99	-0.8	97	-5.2
Voi	6.0	7.0	6.8	115	+0.8	97	-0.2
Outside specialty stores	1.1	1.5	1.3	121	+0.2	92	-0.2
Newly established stores	-	0.7	0.9	-	+0.9	135	+0.2
Closed stores	7.7	-	-	-	-7.7	-	-

* Closed stores means the Fujisawa Store, Be Machida, and the Kawagoe Store.

Year-On-Year Trends in Sales and Gross Profit (existing stores)



1Q down year on year due to unseasonable weather, 2Q on recovery track



	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.
Gross profit	100.8	106.9	106.8	103.6	102.1	102.4	100.9	99.4	99.3	101.7	105.3	105.4
Sales	99.4	104.5	104.3	99.2	98.7	100.5	100.4	99.1	98.9	100.8	103.4	97.7
		102.8			99.5			99.5			100.4	

13

Sales and Gross Profit by Product Category



Gross profit margin up year on year across all categories, 1.2 percentage point improvement

Billions of yen, %

	Sales	YOY comparison (%)	Gross Profit	YOY comparison (%)	Gross margin	Year on year
Retailing	1 9 8 . 6	9 7	6 0 . 5	1 0 1	3 0 . 5	+ 1 . 2
Women s apparel	6 7 . 0	9 6	2 0 . 6	1 0 1	3 0 . 7	+ 1 . 8
Men s apparel and sporting goods	3 8 . 7	9 9	1 3 . 9	1 0 1	3 6 . 0	+ 0 . 9
Luxury and accessory goods	5 5 . 7	9 7	1 9 . 8	1 0 0	3 5 . 6	+ 1 . 1
Furniture and household goods	1 1 . 9	8 8	2 . 6	9 4	2 2 . 1	+ 1 . 3
Foodstuff and restaurant sales	2 5 . 3	1 0 1	3 . 6	1 0 2	1 4 . 2	+ 0 . 1

14

Sales and Gross Profit of SPA Shops and Specialty Stores



All companies post substantial gross profit margin improvements, overall a sharp 3.1-percentage-point rise year on year

Billions of yen, %

	Sales	Target comparison (%)	Gross profit	Target comparison (%)	Gross margin (%)	Target difference	Year on year
Total	69.0	96	30.9	98	44.7	+0.7	+3.1
Marui M's Mode Co., Ltd. (Men's apparel and sporting goods)	23.8	97	10.4	98	43.8	+0.7	+2.1
Marui Fashion Navi Co., Ltd. (Women's apparel)	14.1	97	7.2	100	50.8	+1.6	+8.7
Marui Palette Co., Ltd. (Women's fashion accessory goods)	17.2	95	6.6	94	38.1	-0.4	+1.2
Marui Access Co., Ltd.* (Ornaments / clocks / spectacles / furniture)	13.9	95	6.7	97	48.4	+1.2	+1.7

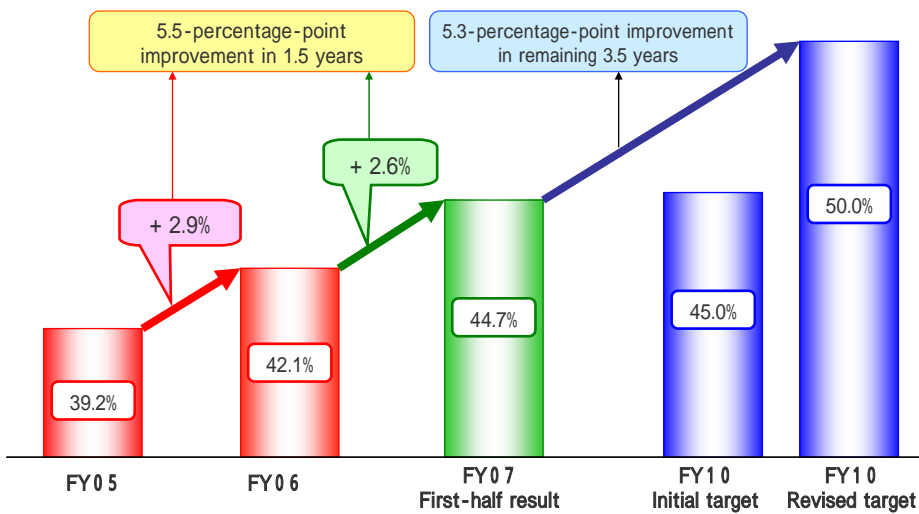
* Marui Access includes in The Room (in The Room separated from Marui Access on August 1, 2006)

15

SPA Shops and Specialty Stores Gross Profit Results and Targets



Initial 45% target of five-year medium-term management plan largely reached in 1.5 years, upwardly revise to 50% for remaining 3.5 years



16

Interest Income on Consumer Loans and Consumer Loans Receivables



Amid deteriorating environment, interest income on consumer loans and consumer loans receivables up year on year

Billions of yen, %

	Previous period	Target at start of FY07	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Interest Income on Consumer Loans	32.6	34.0	33.1	101.4	+0.5	97.3	-0.9
MARUI	26.2	26.2	25.6	97	-0.6	98	-0.6
Zero First	6.4	7.8	7.5	118	+1.1	96	-0.3

	Previous period	Target at start of FY07	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Consumer Loans Outstanding	257.4	262.9	257.8	100.2	+0.4	98.1	-5.1
MARUI	204.6	199.2	195.8	96	-8.8	98	-3.4
Zero First	52.8	63.7	62.0	118	+9.2	97	-1.7

17

Credit Card Business Revenues and Installment Sales Receivables



Financial charges earned on installment sales rise year on year for first time in 20 years due to issuance of Epos Card

Billions of yen, %

	Previous period	Target at start of FY07	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Credit card business revenues	3.4	4.6	3.9	114	+0.5	88	-0.6
Financial charges earned on installment sales	0.9	1.5	1.2	140	+0.3	82	-0.3
Financial charges earned from affiliated stores	-	0.7	0.4	-	+0.4	50	-0.3
Annual charges for credit cards	1.4	1.5	1.4	100	0	93	-0.1
Others	1.1	0.9	0.9	78	-0.2	115	+0.1

	Previous period	Target at start of FY07	Actual performance	YOY comparison (%)	YOY difference	Target comparison (%)	Target difference
Installment Sales Receivables	25.8	37.0	39.4	152.5	+13.6	106	+2.4

18

Strategies for FY07 Second Half and Beyond

NAMBA MARUI



Second store in the Kansai region, Namba Marui,
makes brisk start and outperforms targets



Opened September 22, 2006

Sales floor space: 17,000 m²
First fiscal year sales target:
¥17 billion

Introduction of 158 brands,
30% of which new to Osaka

In-house shops account for
approximately 40%
of the sales floor area

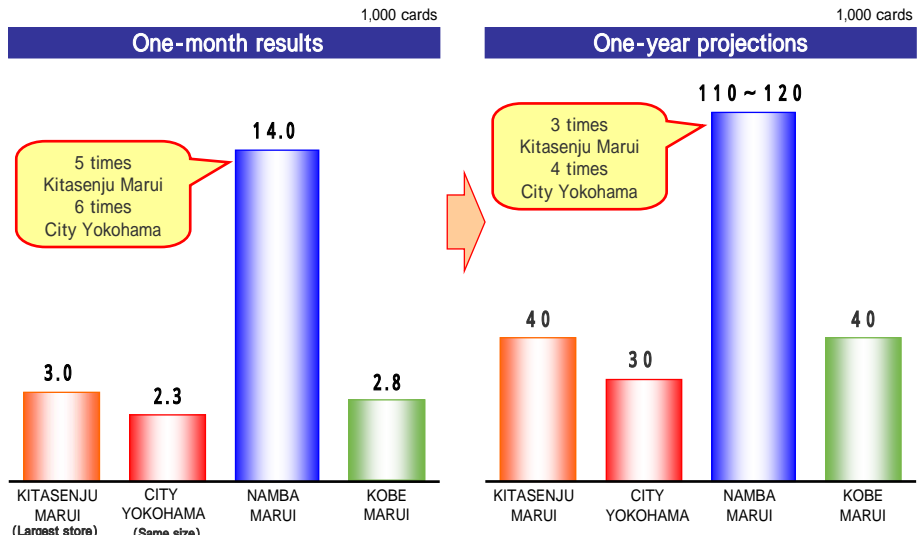
1.3 million visitors in first month
after opening

Sales results: ¥2.2 billion,
1.2 times target

New Credit Card Issuance at Namba Marui Part 1



14,000 Epos Cards issued in first month after opening (1.3 times target),
project issuance of 110,000–120,000 credit cards for one year

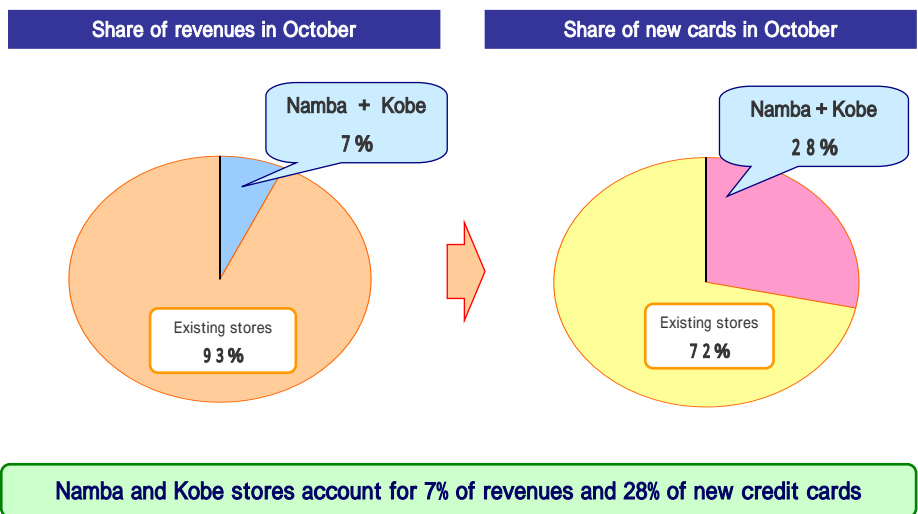


21

New Credit Card Issuance at Namba Marui Part 2



Contribution of store openings outside Tokyo metropolitan area to credit card business considerably larger than contribution to increased revenues



22

New Shinjuku Store Complex



Plan to launch Marui City Shinjuku at Shinjuku-sanchome,
where No.13 subway line slated to open



Open February, 2007

14 levels above ground, 3 basement levels
Basement level 1 through level 8 for use
by Marui
Sales floor space 9,000 m² (plan)



23

YURAKUCHO STORE



Mainstay store heralding start of Marui's new growth



Open Autumn 2007

20 levels above ground,
4 basement levels
Basement level 1 through level 9
for use by Marui
Sales floor space 20,000 m² (plan)



24

CITY SHINJUKU Rebuilding Plan



Plan to open next-generation mainstay store even more advanced than Yurakucho store



Scrap February 2007



Open spring 2009

25

Scrap-and-Build Progress

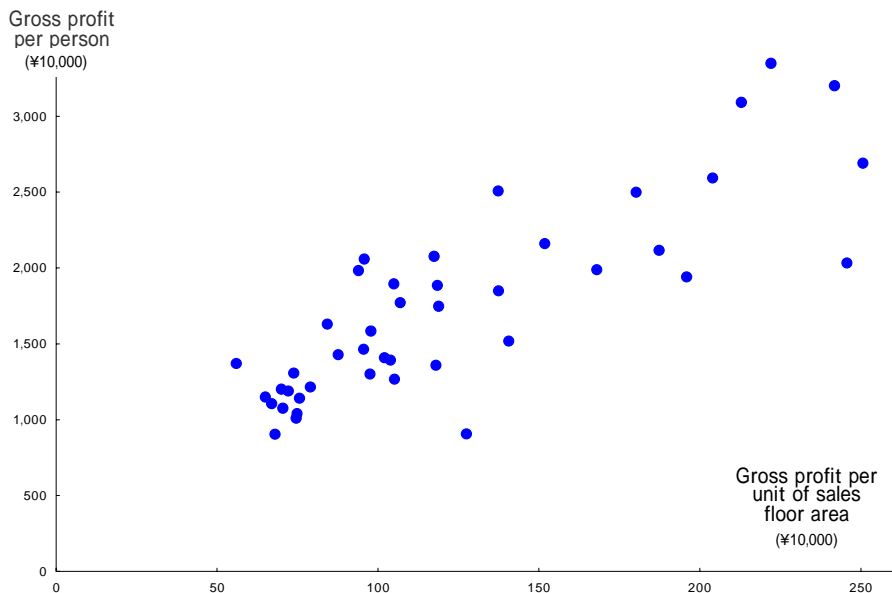


Over five years, close 10 stores and 4 store complexes, open 4 stores and 2 store complexes

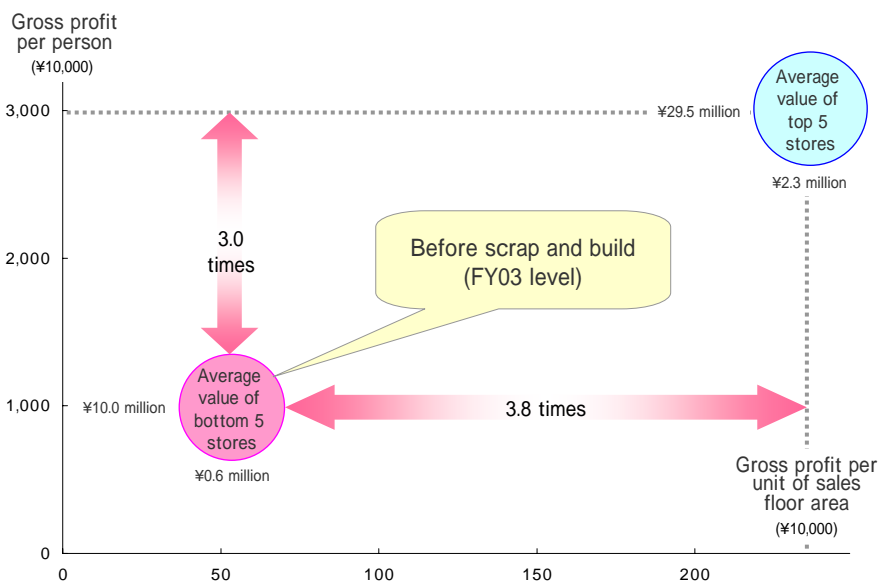
	Beginning of period	Closures	Openings	End of period
FY 0 4	31 stores 11 store complexes	Kawaguchi Tsuchiura Hachioji One Shibuya In The Room Jiyugaoka	Kobe Kitasenju in The Room Shinjuku	30 stores 10 store complexes
FY 0 5	30 stores 10 store complexes	Numazu One Shinjuku		29 stores 9 store complexes
FY 0 6	29 stores 9 store complexes	Fujisawa be Machida		28 stores 8 store complexes
FY 0 7	28 stores 8 store complexes	Kawagoe Totsuka Tokorozawa Tsudanuma	Namba New Shinjuku Store Complex	25 stores 9 store complexes
FY 0 8 (plan)	25 stores 9 store complexes	Nakano	Yurakucho	25 stores 9 store complexes
Total		10 stores 4 store complexes 115,600m ²	4 stores 2 store complexes 90,900m ²	


26

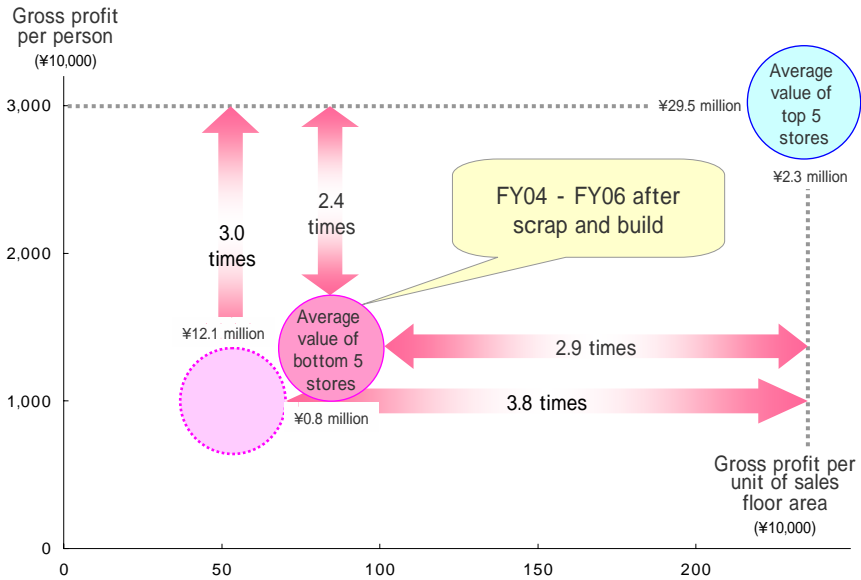
Narrow difference in productivity among stores through scrap and build




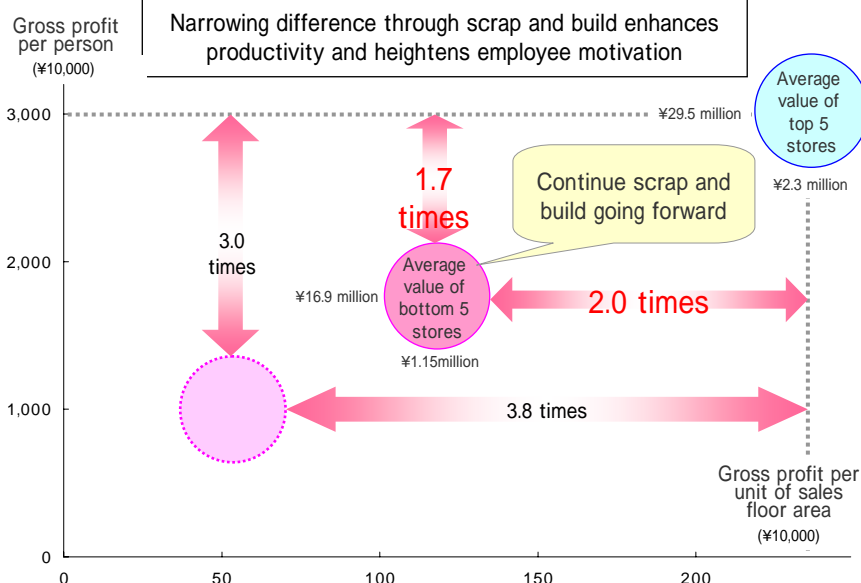
Narrow difference in productivity among stores through scrap and build



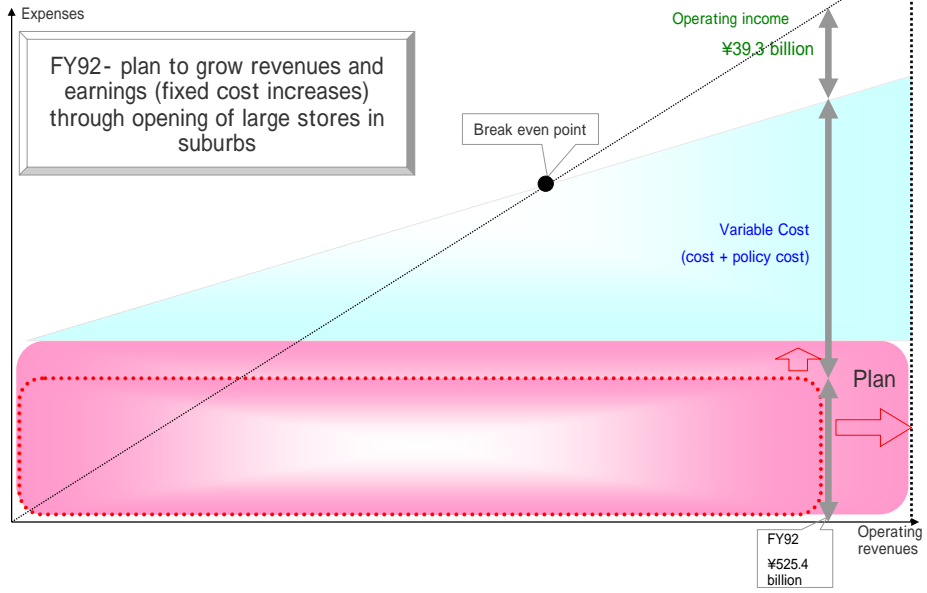
Narrow difference in productivity among stores through scrap and build 



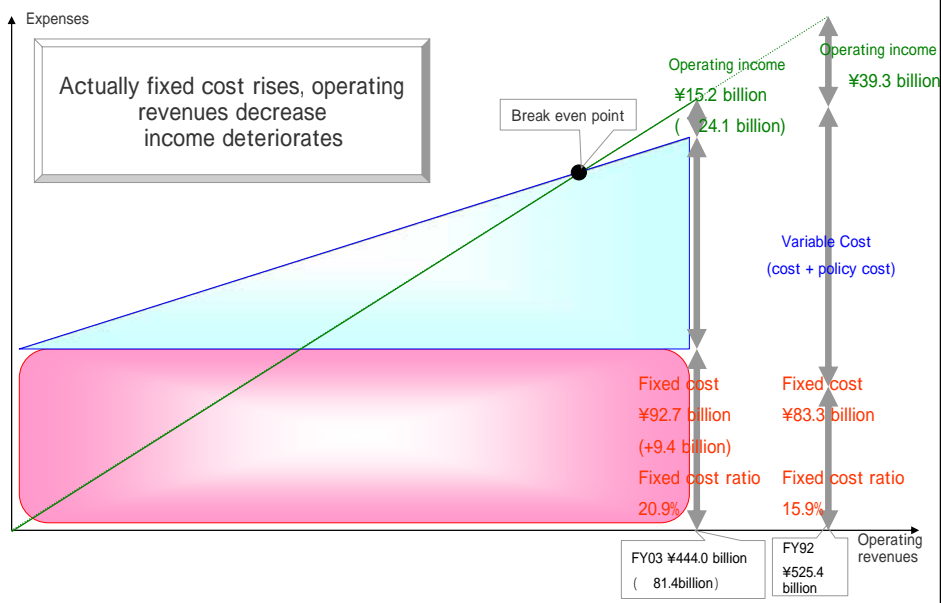
Narrowing difference in productivity among stores through scrap and build 



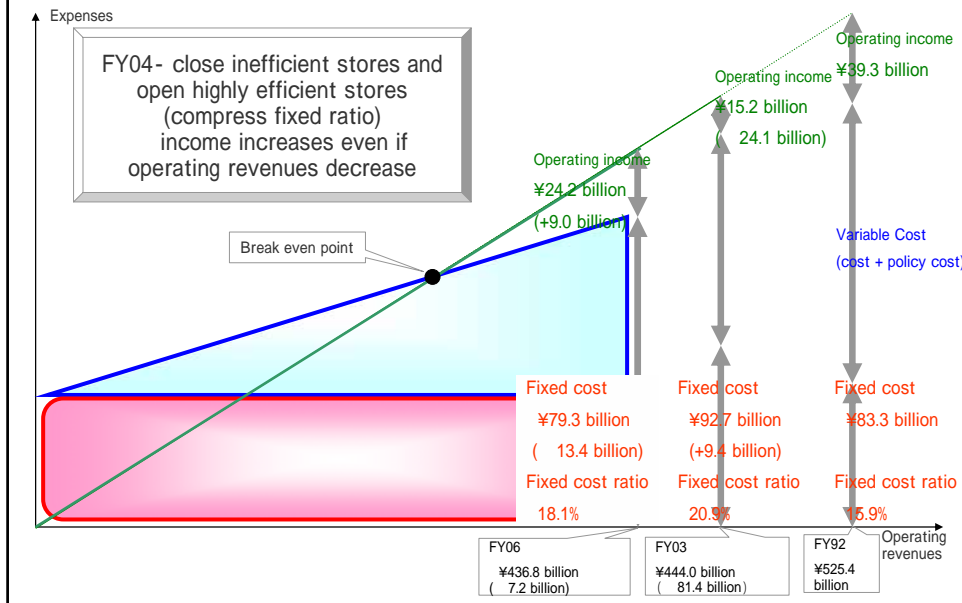
Strengthen Retailing Operations through Scrap and Build



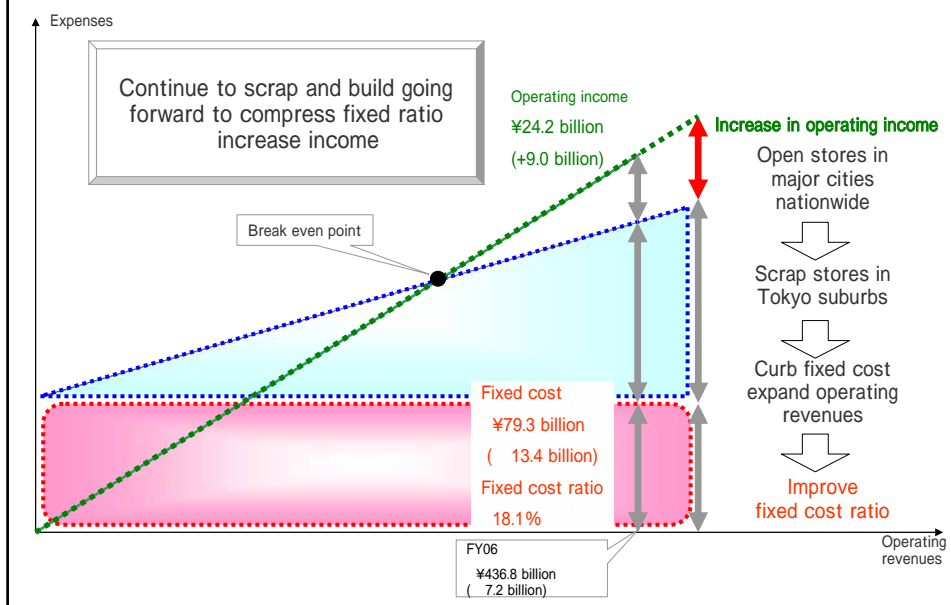
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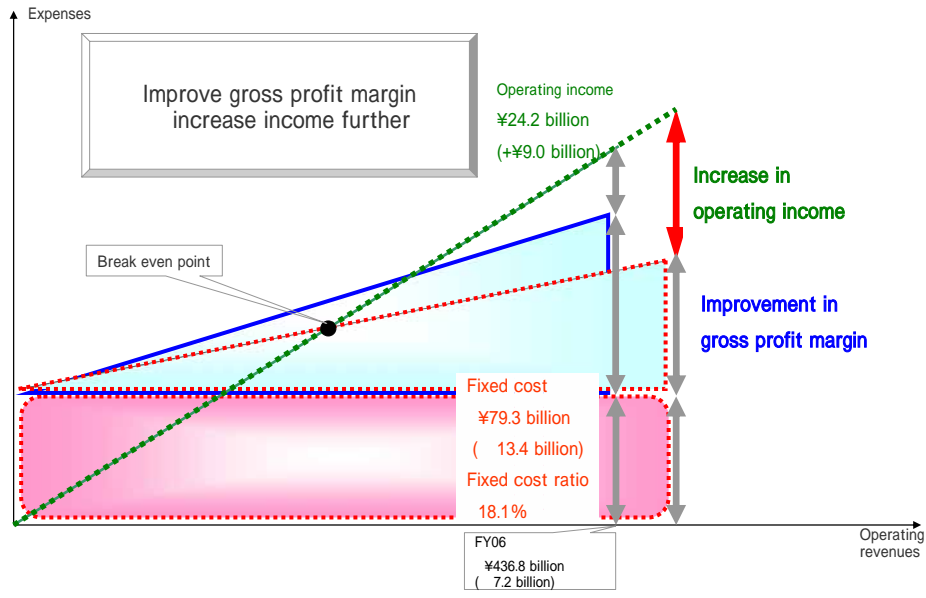
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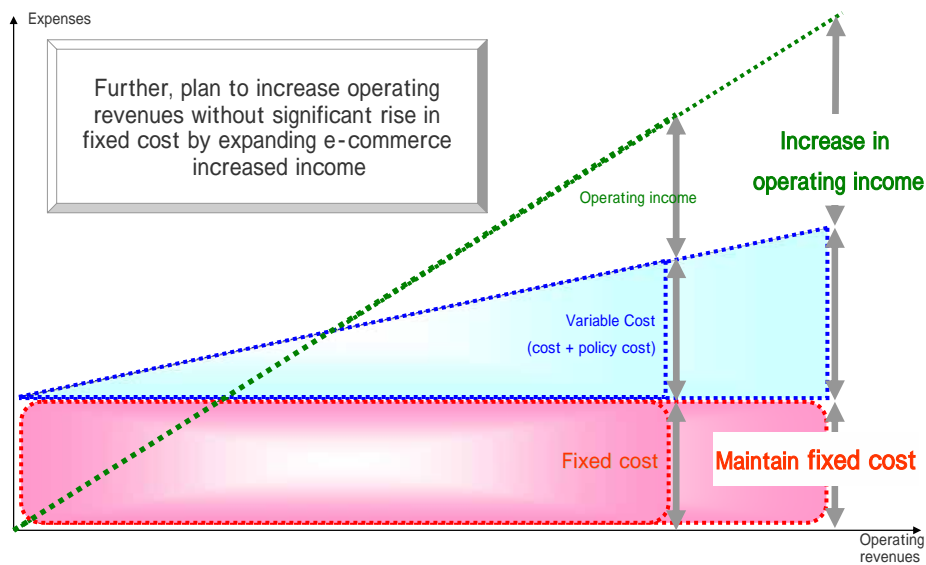
Strengthen Retailing Operations through Scrap and Build



Strengthen Retailing Operations through Scrap and Build



Increase Income through Expansion of E-commerce



Exploit Group's Management Resources to Revitalize Closed Stores



Create new business model by changing operations
from retailing to property development

Machida modi



Opened September 28, 2006

Transform closed Be Machida into
"modi" fashion-shop tenant building
Group company Aim Creates operates
it as property management business

Total of 86 shops, with 5 Marui SPA shops

Compared with Be Machida, revenues 1.3 times,
customer visits 1.7 times



Successfully revitalized close store by
mobilizing Group management resources

37

Scrap and Build Strategy



In conjunction with property development techniques, accelerate scrap and build

Change operations to "modi" to increase new business chances

New source of earnings
(rent revenues)

Expand Aim Create's operations
for integrated property management,
store interior decoration, and advertising

Step up openings of SPA shops
/specialty stores

Increase co-branded Epos Cards



Going forward, pursue store opening strategy through two operations:
retailing and property development

Also transform closed Kawagoe and Totsuka stores to "modi"

38

Openings of SPA shops / specialty stores Part 1



FY07, opened 13 shops in 5 facilities as of October, cumulative total of 19 shops

	Host facility	Number of shops	Sales floor space	Shops opened
Existing	LaLaport TOKYO-BAY (FUNABASHI) etc.	6	2 9 0 0 m ²	
Sep.	Aqua City Odaiba	1	1 5 0 m ²	MARUI OUTLET
	Yokohama Bay Side Marina	1	3 5 0 m ²	MARUI OUTLET
	LaLaport KOSHIEEN	1	2 0 0 m ²	ru
	Machida modi	5	1 3 0 0 m ²	FIELD, MARUI MODEL, ru, 4 DOT WATCH CO., Four Heart Jewelry
Oct.	LaLaport TOYOSU	5	2 7 0 0 m ²	in The Room, Red shoes, MARUI MODEL, Chandelique, 4 DOT WATCH CO.
Cumulative total		19	7 6 0 0 m ²	

39

Openings of SPA shops/specialty stores Part 2



5 shops open in LaLaport TOYOSU October 5, make favorable start with revenues in line with plans



Red shoes



in The Room



Chandelique

5 shops' total sales floor area (2,700 square meters) third largest after Tokyu Hands and SuperAoki

Total revenues of 5 shops in month after opening: ¥130 million

40

Opening Plans for SPA Shops and Specialty Stores



10 shop openings decided, total sales area of 18,000 square meters

Host facility	Number of shops	Store-opening timing	Sales Floor Space
DIAMOND CITY mu: (Musashi-Murayama)	2	Nov. 2006	4 0 0 m ²
in The Room Nagoya	1	Jan. 2007	3 3 0 0 m ²
in The Room LaLaport YOKOHAMA	1	Mar. 2007	2 4 0 0 m ²
Other shop openings decided	6	-	4 3 0 0 m ²

Nagoya in The Room



Opened	Scheduled for opening
19	10

29 stores · 18000m²

3,000 square meters more than previously

Equivalent to one Namba Marui-size store

41

Outlet Store Operations Part 1



Outlet stores see brisk sales of autumn and winter lineups, including two new outlet stores opened in September 2006

	Yokohama Bay Side Marina	Aqua City Odaiba	Shimokitazawa (roadside store)
Shop name	MARUI OUTLET STORE	MARUI OUTLET STORE	final index
Opening date	September 15	September 9	June 22
Revenues projection (one year)	¥280 million	¥230 million	¥250 million
Floor space	3 5 0 m ²	1 7 0 m ²	3 0 0 m ²



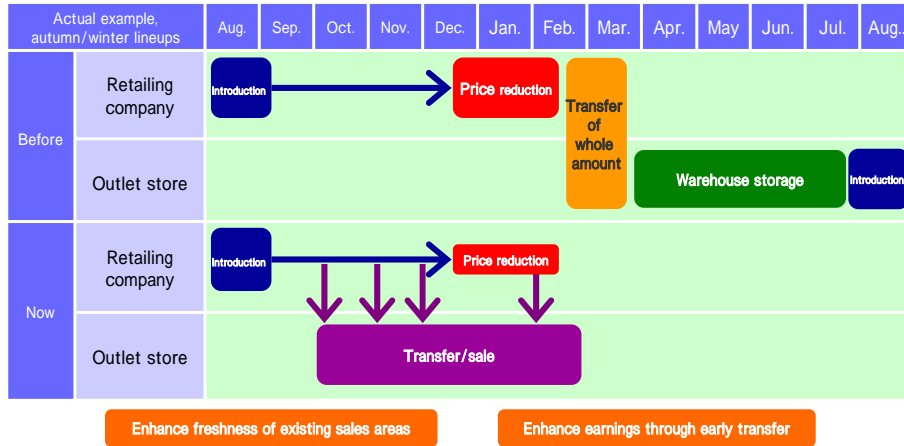
42

Outlet Store Operations Part 2

Cultivate outlet store business in tandem with strengthening of SPA shop / specialty store operations

Begin measures to transfer inventories during period contribution to gross profit margin (+1%)

Continue expanding sales channels through outside store openings consider outlet store malls, including those in Kansai region



Marui Voi and E-commerce Initiatives Part 1

Renewed Voi Online on September 29, 2006, launched Marui Web Channel

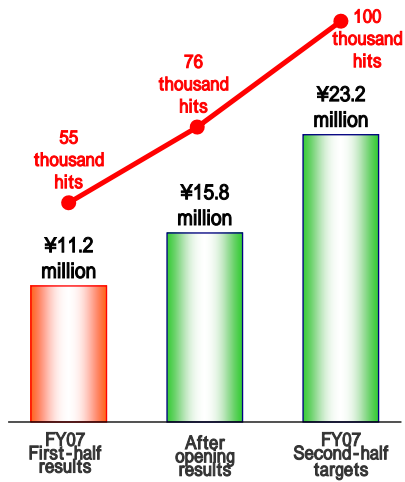


Marui Voi and E-commerce Initiatives Part 2



After opening, daily traffic / revenues up 1.4 times

Revenues / hits per day



Per-day revenues by category

Category	2006 First-half		After opening	
	Million yen	Million yen	Million yen	Million yen
Women's apparel	5.5	7.2	1.3 times	
Men's apparel	3.7	5.0	1.3 times	
Sundry goods	2.0	3.6	1.8 times	
Women's shoes	1.2	2.6	2.1 times	
Total	11.2	15.8	1.4 times	

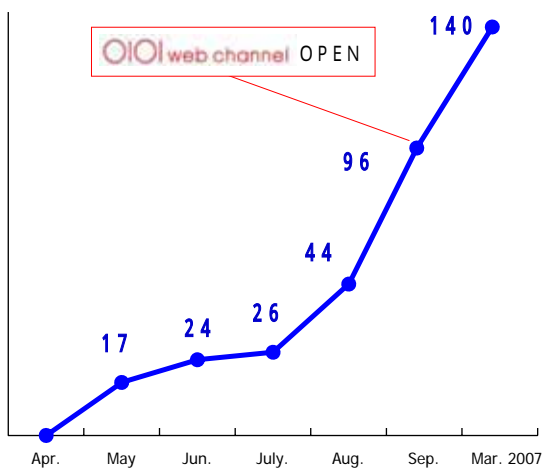
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Marui Voi and E-commerce Initiatives Part 3



Advance development of "web mega shop" with same type and number of shops as real stores, created 96 shops by end of September

Introduction of mega shops



Women's: revenues top 5

Apuwiser-riche

SWORD FISH

JAYRO

tasse tasse

LAISSÉ PASSÉ

Men's: revenues top 5

FIELD

MEN'S BIGI

hiromichi nakano

On board

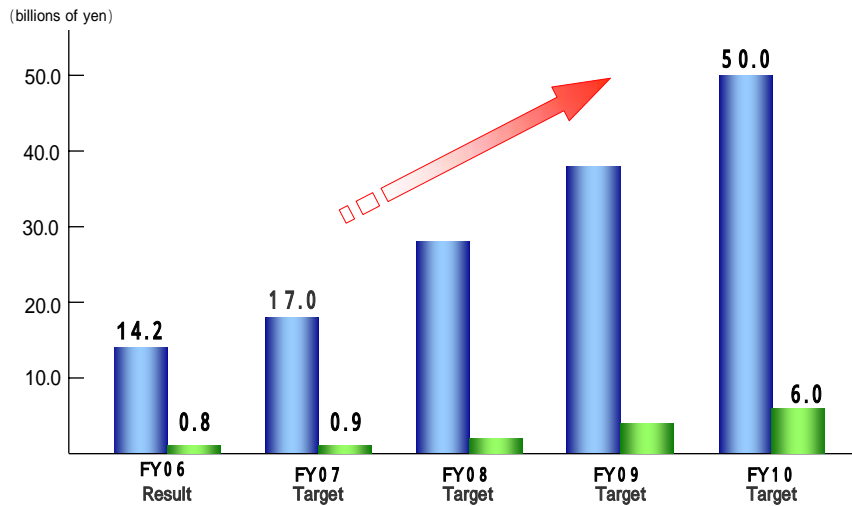
scoopman

46

Plans for E-commerce Operations



[FY10] **Operating revenues ¥ 50 billion** **Operating income ¥ 6 billion**

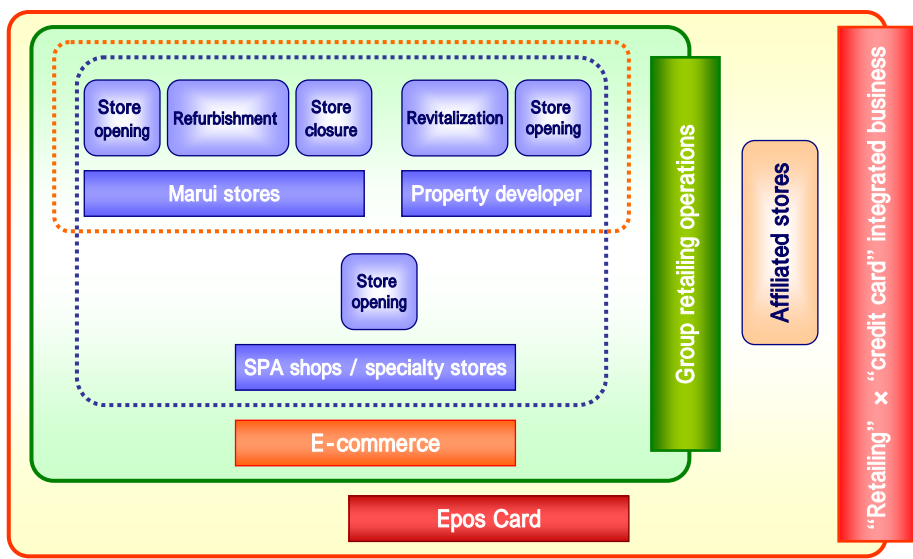


47

Group Retailing Operations Strategy Going Forward



Capitalize on Group management resources to advance
“retailing” × “credit card” integrated business



48

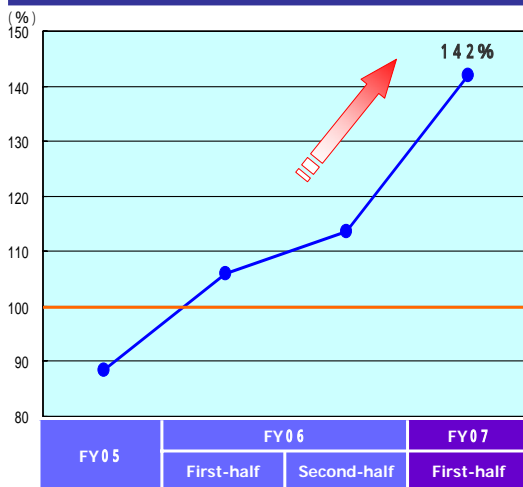
Epos Card

Credit Card Issuance

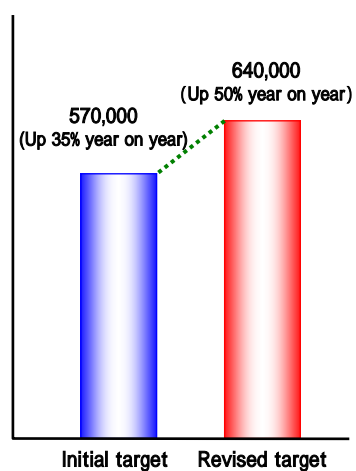


Strong first-half growth in new credit card issuance, up 1.4 times year on year, upwardly revise one-year target to 640,000 cards (target + 70,000)

New credit card issuance, comparison with previous fiscal year



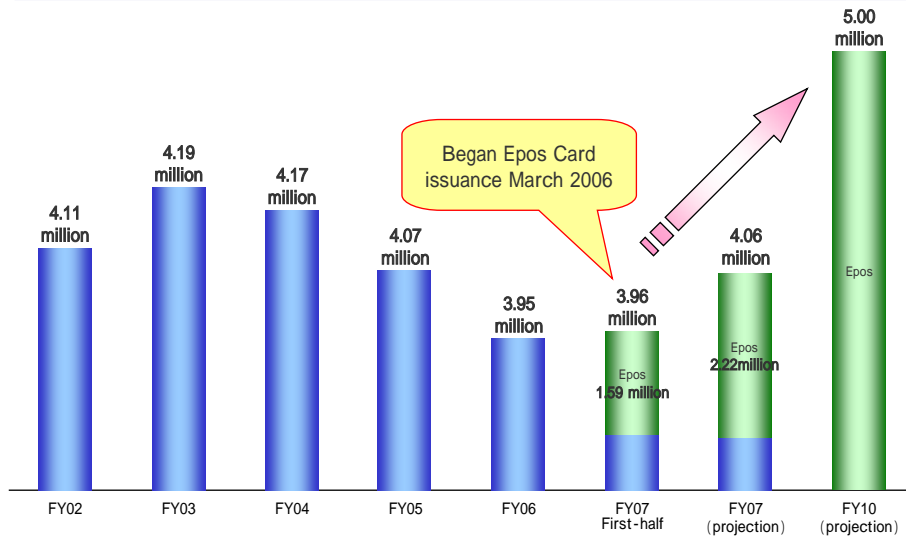
One-year target



Numbers of Credit Card Holders



Bottoming out in FY06, credit card holders increase with issuance of Epos Card, target 5 million members in FY10

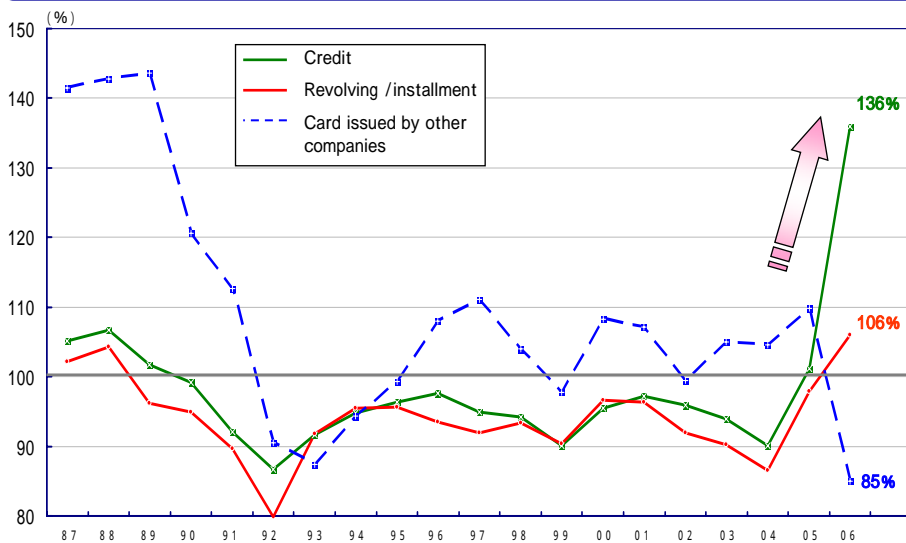


51

Usage of Marui Credit Year on Year



Usage of credit jumps 1.4 times, revolving/installment up year on year for first time in 18 years, since FY88

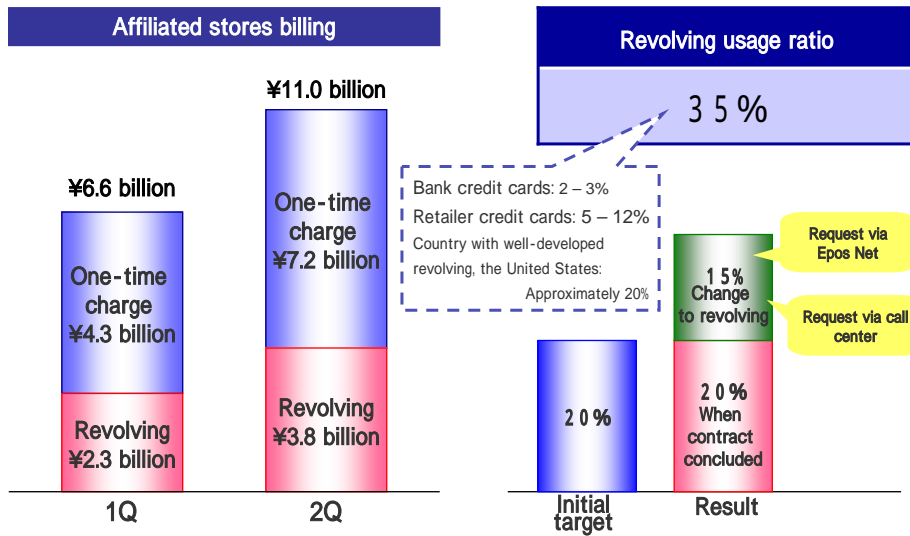


52

Usage at Affiliated Stores



Usage at affiliated stores increases favorably, 35% revolving usage ratio markedly higher than industry average

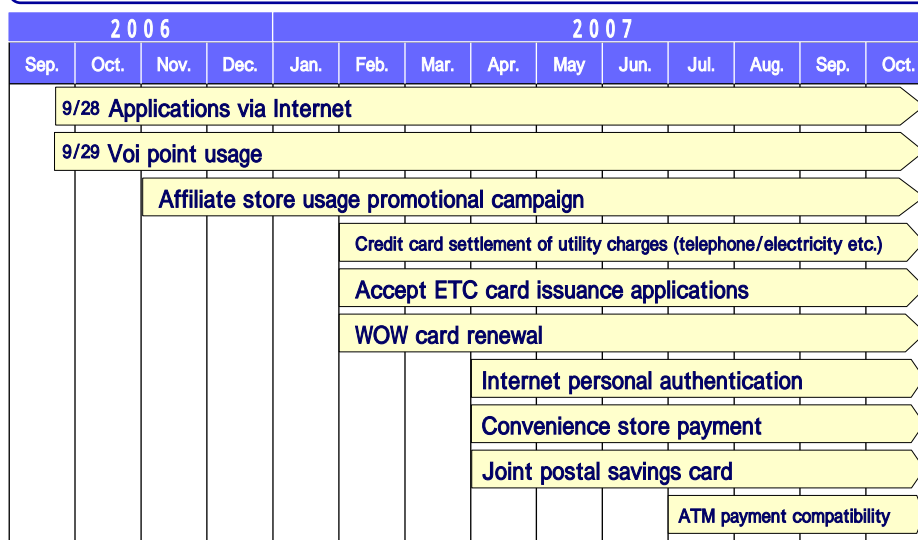


53

Enhance Epos Card Functions/Services



Further enhance functions and services to establish Epos Card as a main credit card and spur nationwide rollout



54

Credit Card Operations: Strategy Going Forward (targets)



	FY07	FY10 Target
Epos Card members	2.2 million (Marui + Epos 4 million)	5 million
Affiliated stores credit usage ratio	30%	45%
Credit billing (Marui + affiliated stores)	¥180.0 billion FY06 (Marui only) ¥91.0 billion	¥470.0 billion
Installment / financing accounts receivable (Marui + affiliated stores)	¥37.0 billion FY06 (Marui only) ¥24.0 billion	¥120.0 billion

Effect of
Money Lending Business Law Amendment
and Measures in Response

Overview of Money Lending Business Law Amendment



Amendment of Money Lending Business Law largely determined, official announcement expected by beginning of next year

Autumn 2006: bill submission to extraordinary Diet session

Autumn 2007: Amended Money Lending Business Law enforced

* includes 2.5 year grace period

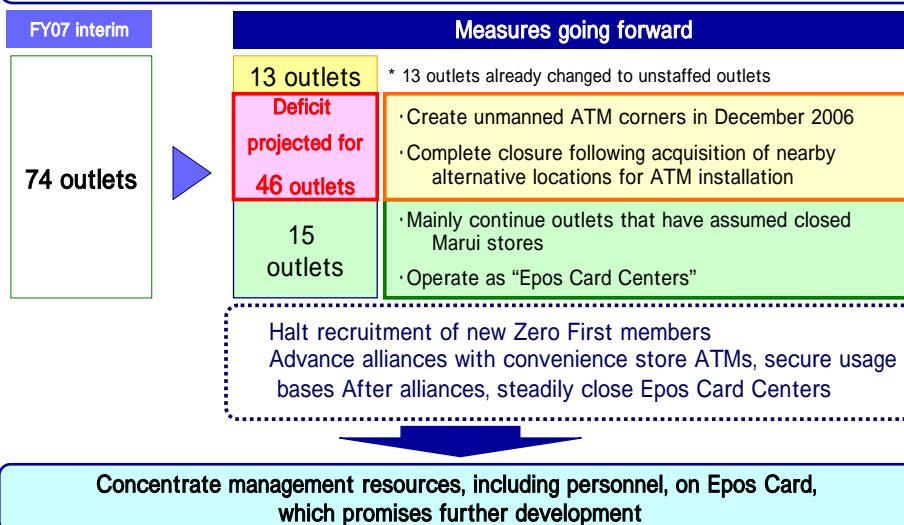
Lower interest upper limit	<ul style="list-style-type: none"> Lower 29.2% to 15-20%, eliminate gray zone
Controls on total amount of money lending	<ul style="list-style-type: none"> Total amount of money lending, including other companies' borrowing, must not exceed 1/3 of annual revenues Each company with more than ¥0.5 million or total amount of more than ¥1 million requires annual revenues certificate
Other	<ul style="list-style-type: none"> All transactions separately registered with credit information body Clear indication of total payment amount/payment period when using revolving

57

Zero First's Response



In response to change in conditions, 13 outlets already switched to unstaffed outlets, steadily close outlets with projected deficits (46 outlets)



58

Effect of Amended Money Lending Business Law



Assuming largest risk, effect of amended Money Lending Business Law
¥ 23 billion – ¥ 26 billion

Decrease in income due to lowering of interest	Effect on income - ¥20.0 billion	Outstanding loans ¥257.0 billion Marui: ¥195.0 billion Zero First: ¥62.0 billion	×	Lowering of interest - 8% (Actual interest: 26% 18%)
	Decrease in Zero First's outstanding loans	Effect on income - ¥3.0 billion	FY07 first half average outstanding loans ¥60.0 billion	⇒ FY10 average outstanding loans ¥43.0 billion - ¥17.0 billion × 18%
Increase in bad debts due to restriction of total amount of money lending	Effect on income - ¥3.0 billion	Zero First, projected bad-debt loss		
		FY07	FY08	FY09
		¥3.3 billion	¥4.7 billion (+¥1.4 billion)	¥4.9 billion (+¥1.6 billion)

59

Operational Strategies Going Forward (Retailing)



Improve gross profit, expand e-commerce, project more than ¥20 billion increase in income by FY10 through scrap and build

Improve gross profit on retailing	Effect on income + 10.0 billion ~ 11.0 billion	Improve gross profit on retailing of SPA operations 150.0 billion × 5% = 7.5 billion
		Improve gross profit through scrap and build 270.0 billion × 1% = 2.7 billion
E-commerce	Effect on income + 5.0 billion	E-commerce operations operating income FY07 0.9 billion → FY10 6.0 billion
Scrap and build / open specialty stores outside	Effect on income + 7.0 billion	New store + 11.0 billion
		Closures - 6.0 billion
		SPA shops and outside specialty stores + 2.0 billion

60

Operational Strategies Going Forward (Credit Card Business)



Project more than ¥15 billion increase in income by FY10

Credit Card Business

Effect on income
+ 8.0 billion

Target contribution to income through increase in members and the higher affiliated store usage

Financial charges earned from installment sales/affiliated stores	Increase in related expenses
19.0 billion	
+15.0 billion	-7.0 billion

Provision for bad debts

Interest reimbursement expenses

Effect on income
+ 5.0 billion

Provision for bad debt/interest reimbursement expenses peak FY07 FY08, FY09 and beyond; factor in increased income

FY07 16.5 billion	FY10 11.5 billion (-5.0 billion)
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Zero First

Effect on income
+ 2.0 billion

Revenues decrease due to outlet closures, but expenses also decrease

Equipment expenses, sales promotion expenses, sales administration expenses etc.	-2.0 billion
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61

Retailing-Related Services



Project more than ¥3 billion increase in income through operations that will likely expand outside income

AIM Creat Co., Ltd.

Effect on income
+ 1.6 billion

Further cultivate business integrating property management/store interior decoration/advertising, establish growth strategy

Moving Co., Ltd.

Effect on income
+ 1.4 billion

Leverage Tokyo metropolitan area's No.1 network to expand delivery operations
Expand fashion distribution operations through new product center and transference to 3PL-type operations

CSC Co., Ltd.

Effect on income
+ 0.8 billion

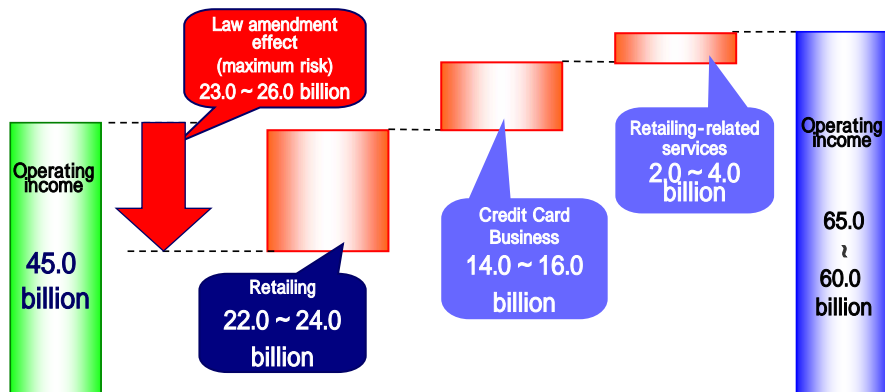
Expand sublease operations for rental condominium targeting younger generation in Tokyo metropolitan area

62

FY10 Income Projections in Light of Money Lending Business Law Amendment



Assumptions · Assume interest upper limit 29.2% 18% → Actual interest 26% 18% (- 8%)



FY07 projection

FY10 projection

Due to numerous uncertainties, review medium-term management plan by financial statements announcement next year

63

Cash Flow Targets for Coming Four-Year Period



No effect on future investment because operating receivables and incomes taxes decrease in relation to decline in income

Billions of yen

Initial 4-year targets		After change in income projections			
Income before income taxes and minority interests	275.0	Income before income taxes and minority interests	170.0	Income	105.0
Depreciation and amortization	70.0	Depreciation and amortization	70.0	Reserves	+ 10.0
Eliminations / reserves	20.0	Eliminations / reserves	30.0	Operating receivables	+ 60.0
Cashing	65.0	Cashing	15.0	Income taxes	+ 35.0
Installment sales receivables	120.0	Installment sales receivables	140.0		
Income taxes / other	90.0	Income taxes / other	55.0		
Cash flows from operating activities	90.0	Cash flows from operating activities	90.0	<div style="border: 1px solid black; padding: 5px; text-align: center;"> No increase in cash flows from operating activities </div>	
Capital investments	110.0	Capital investments	110.0		
Others	10.0	Others	10.0		
Cash flows from investing activities	100.0	Cash flows from investing activities	100.0		
Free Cash Flow	10.0	Free Cash Flow	10.0		

64

FY07 Full - Year Outlook

FY07 Full-Year Outlook (Consolidated)



Billions of yen, %

	Previous period	Target at start of FY07	Revised full-year targets	Revision amount	YOY comparison (%)
Operating revenues	561.5	575.0	557.0	- 18.0	99
Total Gross profit	209.3	220.0	213.0	- 7.0	102
SG&A expenses	164.6	165.0	168.0	+ 3.0	102
Operating income	44.7	55.0	45.0	- 10.0	101
Ordinary income	46.2	55.0	46.0	- 9.0	100
Net income	24.0	25.5	12.5	- 13.0	52

FY07 Full-Year Outlook Assumptions



Marui plans to lower interest rates rapidly, rather than wait for enforcement of Money Lending Business Law amendment

	First-half performance	Second-half	Full year
Retailing operating revenues year on year	100.0%	100.0%	100.0%
Effect of store creation/closure	- 6.8 billion (Store creation +0.9 billion, Store closure -7.7 billion)	- 5.3 billion (Store creation +9.1 billion, Store closure -14.4 billion)	- 12.1 billion (Store creation +10.0 billion, Store closure -22.1 billion)
Gross profit margin on retailing	30.5% (+ 1.2% year on year)	31.0% (+ 1.1% year on year)	30.8% (+ 1.2% year on year)
Consumer loans outstanding	¥257.8 billion (± 100%)	¥249.0 billion (Down 4.0% year on year)	-
Interest income on consumer loans	¥33.1 billion (Up 1.0% year on year)	¥30.4 billion (Down 7.0% year on year)	¥63.5 billion (Down 3.0% year on year)
Finance charges earned on installment sales	¥1.2 billion (Up 40.0% year on year)	¥1.7 billion (Up 70.0% year on year)	¥2.9 billion (Up 53.0% year on year)
Financial charges earned from affiliated stores	¥0.4 billion	¥0.6 billion	1.0 billion

* Calculated based on 18% interest for cashing from March

67

Dividend Policy



Reflecting results, cash dividends of ¥12, project full-year cash dividends of ¥28

Present dividend policy

Under medium-term management plan, when operating income reaches ¥80 billion cash dividends of ¥50 per share slated

Until FY10, determine cash dividends per share according to progress made toward ¥80 billion

	FY06	FY07		
		End of interim period	Fiscal year-end	
Operating income	¥44.7 billion	¥19.4 billion	¥25.6 billion	¥45.0 billion
Achievement ratio	56%	24%	32%	56%
Dividends per share	¥28	¥12	¥16 (plan)	¥28 (plan)

68

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