

Summary of Consolidated Financial Results for the Interim Period Ended September 2005

November 8, 2005

Listed Company: Marui Co., Ltd.

Code Number: 8252

(URL: <http://www.0101.co.jp>)

Representative: Hiroshi Aoi, President

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Date of Board of Directors Meeting for the Settlement of Accounts: November 8, 2005

Application of U.S. Accounting Standards: Not applied

The Tokyo Stock Exchange, First Section

Location of Headquarters: Tokyo

1. CONSOLIDATED RESULTS FOR INTERIM PERIOD ENDED SEPTEMBER 2005 (April 1, 2005 to September 30, 2005)

(1) Consolidated Operating Results

Amounts less than 1 million yen rounded down

	Sales		Operating Income		Ordinary Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Interim period ended September 2005	267,616	0.7	20,268	44.7	20,717	36.9
Interim period ended September 2004	265,808	0.3	14,007	—	15,134	—
Fiscal year ended March 2005	556,213		36,846		38,102	

	Net Income		Net Income per Share	Diluted Net Income per Share
	Millions of Yen	%	Yen	Yen
Interim period ended September 2005	10,411	36.5	30.18	29.00
Interim period ended September 2004	7,627	—	21.70	20.99
Fiscal year ended March 2005	19,168		54.31	52.34

- (Note) (i) Equity in earnings of equity-method affiliates:
Interim period ended September 2005: None Interim period ended September 2004: None
Fiscal year ended March 2005: None
- (ii) Average number of outstanding shares during the period (consolidated):
Interim period ended September 2005: 344,988,801 shares Interim period ended September 2004: 351,456,662 shares
Fiscal year ended March 2005: 351,454,807 shares
- (iii) Changes in accounting policy: Yes
- (iv) Percentages for sales, operating income, ordinary income, and net income are rates of increase or decrease compared with the same period of previous year.

(2) Consolidated Financial Position

	Total Assets	Total Stockholders' Equity	Stockholders' Equity Ratio	Stockholders' Equity per Share
	Millions of Yen	Millions of Yen	%	Yen
Interim period ended September 2005	701,827	416,820	59.4	1,238.89
Interim period ended September 2004	685,286	424,315	61.9	1,207.31
Fiscal year ended March 2005	712,644	436,259	61.2	1,241.08

- (Note) Number of outstanding shares at period-end (consolidated):
Interim period ended September 2005: 336,446,703 shares Interim period ended September 2004: 351,455,899 shares
Fiscal year ended March 2005: 351,451,054 shares

(3) Consolidated Results of Cash Flows

	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Used in Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Interim period ended September 2005	9,503	(11,760)	(12,980)	38,067
Interim period ended September 2004	26,236	(11,028)	(10,126)	46,528
Fiscal year ended March 2005	41,100	(19,105)	(10,135)	53,305

- (4) Scope of Consolidation and Application of the Equity Method
Consolidated subsidiaries: 18 companies
Non-consolidated subsidiaries for which the equity method is applied: None
Affiliates for which the equity method is applied: None
- (5) Changes in Scope of Consolidation and Application of the Equity Method
Consolidated subsidiaries: Newly added: None Excluded: None
Equity-method non consolidated subsidiaries and affiliates: Newly added: None Excluded: None

2. Forecast of Consolidated Results for the Year Ending March 2006 (April 1, 2005 to March 31, 2006)

	Sales	Operating Income	Ordinary Income	Net Income
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ending March 2006	562,000	45,000	45,500	23,000

- (Note) Projected net income per share for the year ending March 2006: 68.36 yen

The foregoing estimates are made based on information available as of the date this data was released, and actual results may differ from estimates due to various factors arising in the future. Please see page 7 regarding to assumption for forecast of consolidated results for the year ending March 2006.

Marui Group Companies

Business Description

Marui Co., Ltd., (the Company) and its related companies, which comprised 22 subsidiaries and 3 affiliates as of September 30, 2005, implement operations in three business segments—Merchandising, Credit Card and Consumer Finance Services, and Merchandising-related services.

The following is a categorization and description of the operations of the Company and its related companies.

The categorization is consistent with the Company's operational segments.

Merchandising

The Company and the related companies listed below retail apparel, accessories, interior and household goods, foodstuffs, and other goods.

Related Companies: Marui M's Mode Co., Ltd., Marui Palette Co., Ltd., Marui Fashion Navi. Co., Ltd., Marui Access Co., Ltd., and Marui Seasoning Co., Ltd.

Credit Card and Consumer Finance Services

The Company and the related companies listed below are responsible for the Company's in-house credit card and installment sale operations and provide consumer loan, insurance, and travel agency services.

Related Companies: Marui Card Co., Ltd., Zero First Co., Ltd., and MRI Servicer Co., Ltd..

Merchandising-related services

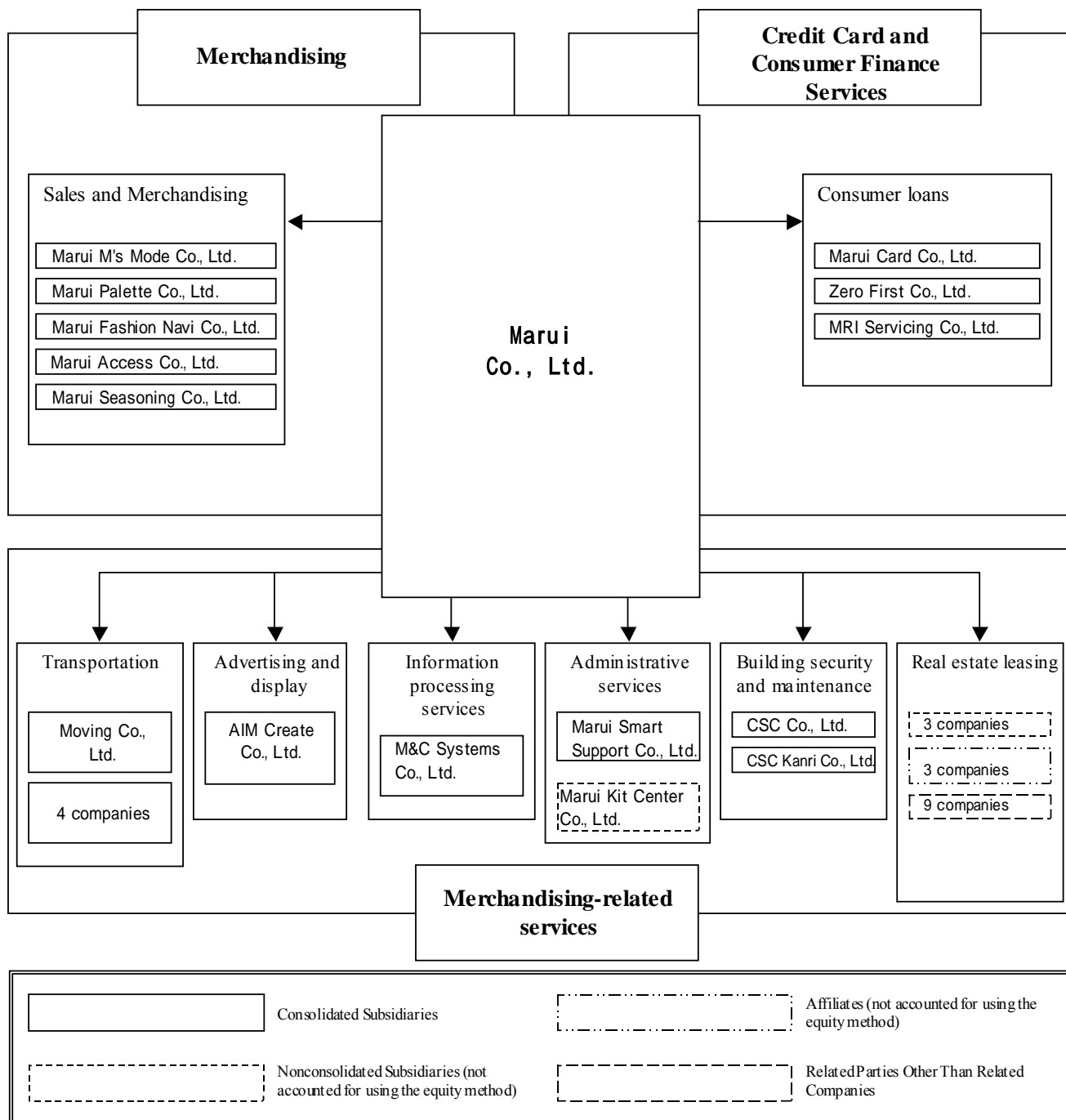
The Company and the related companies listed below conduct operations for corporate clients that primarily comprise truck freight transportation, store interior decoration, advertising, software development, security and maintenance of buildings and other facilities, and real estate leasing.

Related Companies: Moving Co., Ltd., AIM Create Co., Ltd., M&C Systems Co., Ltd., Marui Smart Support Co., Ltd., CSC Co., Ltd., Tokyo Moving Co., Ltd., Tokai Moving Co., Ltd., , Saikyo Moving Co., Ltd., Keiyo Moving Co., Ltd., CSC Kanri Co., Ltd., Marui Kit Center Co., Ltd., Kitasenju Toshi Kaihatsu Co., Ltd., Totsuka Shogyobiru Kanri Co., Ltd., Shiki Toshi Kaihatsu Co., Ltd., Mizonokuchi Shintoshu Co., Ltd., Nakano Sun Cuore Co., Ltd. and Mito Toshi Kaihatsu Co., Ltd.

In addition to the abovementioned companies, Aoi Fudosan Co., Ltd. and nine related parties conduct real estate leasing operations. The Company and its related companies lease buildings and other facilities for operations and stores from Aoi Fudosan Co., Ltd., and eight related parties.

The Marui group

The following is a schematic diagram of the Marui Group's operations.



Management Policy

Basic Management Policy

The Marui Group has developed by primarily focusing on the merchandising of fashion-leading products. However, the Group also offers credit card and consumer finance services and merchandising-related services. Further, the Group has cultivated unique merchandising expertise while advancing management innovations that reflect the customer's perspective and give first priority to achieving customer satisfaction through customer service.

By continuing to realize synergy benefits among businesses and by offering customers new additional value, the Group aims to become a corporate group that can contribute further to stockholders, business partners, and local community members.

Basic Policy for the Distribution of Profits

The Group views the distribution of profits to stockholders as a priority issue. The Group's basic policy for the distribution of profits is to strengthen management foundations and enhance returns on stockholders' equity while maintaining appropriate profit distribution in light of such factors as performance trends and dividend payout ratios.

In addition, based on cash flows, the Group will actively reinvest retained earnings to expand operations strategically and increase earnings. At the same time, the Group wants to achieve cash dividends levels that appropriately reflect income levels by linking cash dividends to progress made in the implementation of the current medium-term management plan.

Specifically, for the fiscal year ending March 2010—the final year of the medium-term management plan—the Group is targeting operating income of ¥80 billion and full-year cash dividends per share of ¥50. In the intervening fiscal years, the Group plans to pay cash dividends reflecting the degree of progress each year's operating income has made toward that ¥80 billion benchmark.

Medium-to-Long Term Management Strategy

Aiming to establish new foundations for new growth, the Group prepared and launched a medium-term management plan for the coming five years to coincide with Marui's full-fledged shift to Group-based management. Guided by that plan, the Group has begun pursuing a "spread Marui strategy" that exploits Marui's unique expertise to create new businesses.

In merchandising, the Group will scrap stores that are performing sluggishly due such factors as changes in surrounding commercial environments or ageing facilities. At the same time, the Group will implement nationwide rollouts of "Marui" format stores specializing in youth fashion—a long-standing strength—and of SPA (specialty store retailer of private label apparel) shops and specialty stores. In developing the "Marui" store network, the Group will emphasize return on investment by opening stores in prime locations. Accordingly, the Group has slated autumn 2006 for the launch of its second store in the Kansai region, near Nanba station in Osaka. And, in spring 2007 a new store will open in Shinjuku, Tokyo. Further, the Group will cut the tape on a new store in Yurakucho, Tokyo, in autumn of the same year.

Meanwhile, the Group aims to further enhance the lineups and profitability of SPA shops and specialty stores operations, which are developed by the Group's in-house retail companies. Expansion plans for those operations include the opening of stores in major cities throughout Japan. For example, in 2007 Nagoya will see the unveiling of the Group's largest-ever "in the Room" store.

In credit card and consumer finance services, in March 2005 the Group obtained a special license from Visa International that includes direct issuance rights. Therefore, the Group plans to issue a new credit card, "Epos Card," which will combine the advantages of Marui's house credit card with the versatility of the Visa brand from March 2006. The Group's goal is to create a "first and forever credit card" that "customers use first and use for a lifetime." To that end, the Group has renewed its credit-card functions and services to impress upon customers that the new credit card overcomes the usage restrictions of the "Akai Card" and can be used conveniently in a wide range of everyday situations. Further, the Group will leverage the new credit card to grow earnings through the introduction of installment payment for shopping; to increase credit card membership; and to expand its credit card and consumer finance services operations by issuing affiliated credit cards based on tie-ups with commercial facilities across Japan.

Also, the Group intends to fortify the high-value-added unique merchandising-related services that it has cultivated in various merchandising operations and aggressively expand them outside the Group. Those services include logistics operations, advertising and store remodeling, property management operations (the planning and management of commercial facilities), retailing information systems, and shared services.

Through such initiatives, underpinned by merchandising, the Marui Group will strengthen management foundations and enhance performance by heightening the specialization and uniqueness of respective operations while realizing synergy benefits.

Corporate Governance—Basic Philosophy and Status of Measures

Basic Philosophy

Aiming to respond appropriately to changes in the business environment and to maintain and grow corporate value, the Marui Group regards the pursuit of corporate governance that enhances management soundness, transparency, profitability, and efficiency as one of its highest priorities.

Status of Measures

(An overview of corporate governance systems, including the Company’s oversight systems related to management decision making, implementation, and supervision)

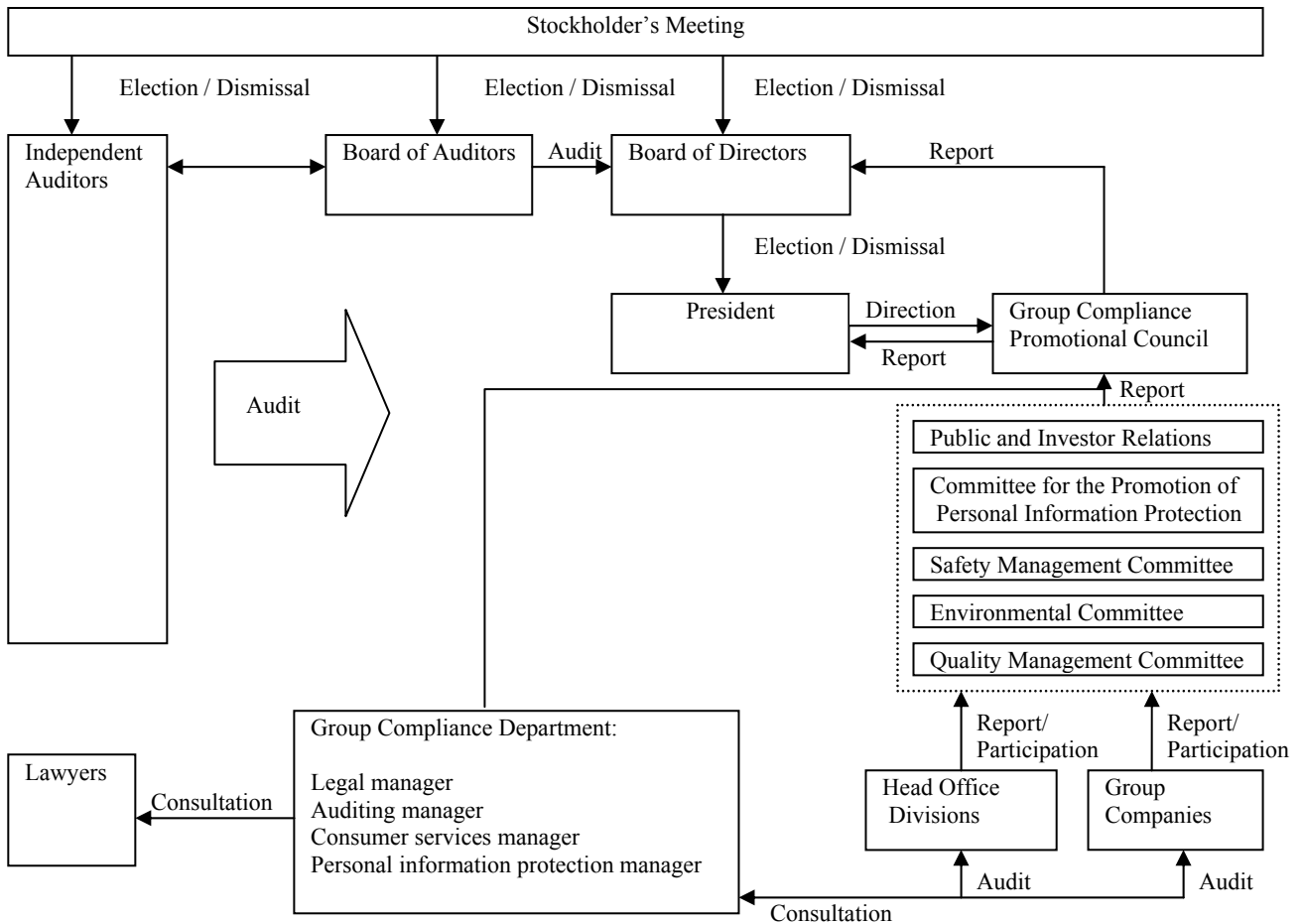
(1) Description of corporate bodies

Traditionally, Marui has had comparatively few directors and a flat organizational structure that enables the Company to expedite decision making and respond appropriately to changes in the operating environment. Further, the Company employs an auditor system of governance in which corporate auditors help maintain and enhance corporate value and societal trust through oversight of the implementation of directors’ duties.

- All of the Group’s 10 directors are in-house directors, and three of the four corporate statutory auditors are from outside the Group. The Board of Directors convenes twice monthly in principle.
- The Board of Auditors meets once a month in principle. Further, corporate statutory auditors hold a Group auditors’ meeting once a month.
- Previously, Marui’s rigorous management system comprised four Groupwide committees a disclosure committee, a safety management committee, a committee for the promotion of personal information protection, and a quality management committee, which directly affected internal management. However, the Group will further strengthen risk management structures based on the October 2005 reorganization of those committees into five committees: a public and investor relations committee, a committee for the promotion of personal information protection, a safety management committee, an environmental committee, and a quality management committee.
- In addition, the Group is taking measures to hone the precision of its system of internal controls, centered on a Group compliance promotional council that oversees the respective committees and checks and examines priority in-house issues.
- Aiming to further enhance the equitability of management activities, the Group has established a Groupwide internal audit system centered on the Group Compliance Department for the oversight of management and operational implementation. That system includes monthly exchanges of opinion among corporate auditors and directors.

(2) Developmental status of internal control systems and risk management systems

- Having clarified priority issues and risks in the Group’s overall operations, the Group Compliance Department objectively monitors operational implementation to ensure compliance with regulations and proposes amendments and improvements. Further, the Group receives consultation and direction from several lawyers to ensure stringent compliance and to heighten awareness of compliance issues.
- The following diagram shows the developmental status of the Group’s systems for the oversight of management and operational implementation, internal control, and risk management.



- (3) Status of internal audits, audits by corporate statutory auditors (the Board of Auditors), and independent auditors
- Comprising eight members, the Group Compliance Department undertakes internal audits based on in-house regulations to determine operational effectiveness, appropriateness, and compliance. The Group also ensures Group companies' stringent compliance and operational improvement by having committees monitor high-risk management areas in their respective fields of specialization.
 - Standing auditors are primarily responsible for the implementation of audits by corporate statutory auditors. Those auditors attend meetings of the Board of Directors and question relevant divisions to determine such issues as whether or not there have been violations of laws or articles of incorporation or infringements of stockholders' profits.
 - Marui has elected the independent audit corporation KPMG AZSA & Co., as the independent auditors.

Items relating to the Parent Company

No applicable items.

Operational Performance and Financial Position

Operational Performance

In the interim period under review, ended September 30, 2005, guided by a medium-term management plan initiated in at the start of the current fiscal year, Group companies began concerted efforts to aggressively tackle such new issues as improving profit margins and expanding external operations.

Mainstay merchandising operations performed favorably thanks to the resulting higher gross profit margins on merchandise sales and strong growth in refurbished downtown stores, mail-order sales, and men's goods. Further, interest income on consumer loans grew steadily. As a result, the Group posted increases in revenues and earnings, with operating income an impressive 44.7%, or ¥6.2 billion, higher year on year. In the interim period, the Group recorded year-on-year increases of 0.7% in total operating revenues, to ¥267,616 million; 44.7% in operating income, to ¥20,268 million; 36.9% in ordinary income, to ¥20,717 million; and 36.5% in net income, to ¥10,411 million.

Segment Breakdown

Merchandising

The segment's performance trends were favorable, with sales at existing stores edging up 0.6% year on year on the back of robust sales growth at mainstay downtown stores in the Shinjuku, Shibuya, and Ueno districts of Tokyo and in Yokohama due to the positive effect of refurbishments.

Moreover, "Kobe Marui," which opened in October 2003, and "Kitasenju Marui," which opened in February 2004, continued to see favorable sales trends, recording year-on-year sales growth. In merchandise categories, men's goods continued to sell briskly, achieving a 7.0% year-on-year increase in sales that buoyed overall merchandise sales.

In particular, the Group was able to heighten sales efficiency through the timely planning and marketing of products in direct response to demand among Marui's unique customers. The Group was able to roll out lineups dynamically by energetically pursuing supply chain management initiatives with business partners, by efficiently utilizing new marketing information systems, and by sharing sales floor information based on JAN (Japanese Article Number) data on single-items and EDI. Thanks to such initiatives, the Group was able to create such hit products as polo shirts.

In mail-order sales operations, the Group sought to expand and enhance Internet-based mail-order sales as a new sales channel. Those efforts included improving merchandising for the Group's "Virtual Store" and the full-fledged launch of a shopping web site that accessible from cell phones. Consequently, mail-order sales operations successfully cultivated a new customer group, and sales were up a sharp 16.0% year on year.

Meanwhile, the gross profit margin on merchandise sales rose 0.9-percentage-points year on year, to 29.3%, as a result of such factors as expanded private brand lineups, enhanced sales efficiency based on the use of new marketing systems, reduced price declines, increased sales of high-margin men's goods, and higher mail-order sales.

As a result, although merchandising operating revenues edged down 0.2% year on year, to ¥205,178 million, the segment recorded a 112.2% jump in operating income, to ¥7,782 million, and a significant 3.8-percentage-point increase in the operating income margin.

Credit Card and Consumer Finance Services

The segment continued to perform steadily, with outstanding loans increasing approximately in line with plans because of efforts to cultivate loyal customers centered on "Akai Card" and steady expansion of the network of "Zero First" outlets. In addition, the Group took steps to bolster the segment's operational foundations. And, a three-company structure—Zero First Co., Ltd., and two companies established at the end of 2004: MRI Servicer Co., Ltd., which is responsible for loan collection, and Marui Card Co., Ltd.—began operations in earnest. As a result, segment operating revenues increased 6.8%, to ¥36,028 million, and operating income rose 19.5%, to ¥11,727 million.

Merchandising-Related Services

This segment mainly comprises such operations as logistics, advertising and store remodeling, and building management and maintenance. The Group actively expanded and strengthened original high-value-added services that draw on unique know-how stemming from the Marui Group's retailing expertise through initiatives that included expansion of large-item delivery operations and the launch of Property Management operations (the planning and management of commercial facilities). The segment's operating revenues edged down 0.5% year-on-year, to ¥50,167 million, while operating income declined 0.8%, to ¥2,541 million.

Financial Position

Total assets at the end of the interim period decreased ¥10,816 million from the previous fiscal year-end, to ¥701,827 million. That increase was attributable to a ¥5,350 million rise in investments in securities that was associated with an increase in the market value of stocks held, which offset a ¥15,238 million reduction in cash due to treasury stock acquired and other factors.

Total liabilities increased ¥9,235 million, to ¥283,091 million, largely because a ¥20,000 million net increase in commercial paper counteracted decreases trade payables and income taxes payable.

Total stockholders' equity recorded a ¥19,438 million decline, to ¥416,820 million, that was associated with treasury stock acquired of ¥25,213 million, which cancelled increases of ¥2,599 million in retained earnings and ¥3,176 million in net unrealized holding gains on securities. As a result, the equity ratio was 59.4%.

Consolidated Cash Flows

Net cash provided by operating activities decreased ¥16,733 million year on year, to ¥9,503 million. Although income before income taxes and minority interests totaled ¥17,171 million, and depreciation and amortization amounted to ¥8,449 million, income taxes paid in cash were ¥12,130 million and increase in receivables—consumer loans was ¥8,153 million.

Net cash used in investing activities rose ¥732 million, to ¥11,760 million. That increase was mostly the result of payments for purchase of property and equipment of ¥12,213 million that were associated with the refurbishment of existing stores.

Net cash used in financing activities was up ¥2,854 million, to ¥12,980 million, because factors such as payments for purchase of treasury stock of ¥25,248 million and dividends paid of ¥7,731 million counteracted a ¥20,000 million net increase in commercial paper.

Consequently, cash and cash equivalents at end of period decreased ¥15,238 million from the previous fiscal year-end, to ¥38,067 million.

Outlook for the Full Fiscal Year

In the second half of the current fiscal year, ending March 2006, the Marui Group will continue to follow its medium-term management plan by actively implementing initiatives that will strengthen the Group's management foundations and affect operations in the coming fiscal year and beyond. However, the Group will pursue those measures on larger scale than initially planned. Building on the favorable results in the interim period under review, the Group will invigorate existing stores in the second half of the current fiscal year and launch sales promotions linked to new credit cards.

In merchandising, the Group will buttress structural profitability by enhancing and expanding private brand lineups and by improving gross profit margins. In conjunction with those efforts, the Group will open SPA shops and specialty stores outside Marui stores. Further, the Group will realize highly precise marketing activities that closely reflect customers' needs through stepped-up supply chain management efforts based on the strengthening of collaborative systems with business partners. At the same time, the Group aims to establish a unique business model.

Meanwhile, the Group will actively scrap ageing stores that have been experiencing long-term performance slumps. At the end of February 2006, the Group will close its Fujisawa store in Kanagawa Prefecture.

In credit card and consumer finance services, the Group will aggressively recruit members for the new "Epos Card" credit card that it will begin issuing from March 2006. At the same time, the Group aims to heighten synergies between its credit card and consumer finance services and merchandising segments. In addition, the Group will pursue stable growth in consumer loans centered on "Zero First."

As a result of the above initiatives, in the fiscal year ending March 31, 2006, the Group anticipates year-on-year increases of 1.0% in total operating revenues, to ¥562,000 million; 22.1% in operating income, to ¥45,000 million; 19.4% in ordinary income to ¥45,500 million; and 20.0% in net income, to ¥23,000 million.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED BALANCE SHEETS

	As of September 30, 2004		As of September 30, 2005		Increase (Decrease)	As of March 31, 2005	
	Millions of Yen	% of Total	Millions of Yen	% of Total		Millions of Yen	% of Total
(Assets)							
Current assets:							
Cash and deposits	46,528		38,067			53,305	
Receivables							
–merchandise sales	35,904		35,255			37,752	
–consumer loans	237,162		257,406			249,252	
Other receivables	2,269		1,932			2,143	
Inventories	48,841		48,850			48,910	
Deferred income taxes	6,130		4,914			4,290	
Other current assets	14,763		11,987			14,174	
Allowance for doubtful accounts	(10,500)		(11,500)			(10,700)	
Total current assets	381,099	55.6	386,915	55.1	5,816	399,128	56.0
Fixed assets:							
Property and equipment, net (Note 1):							
Buildings and store fixtures	110,348		103,398			107,044	
Land	94,122		114,272			114,977	
Other property and equipment	14,060		14,959			13,298	
Total property and equipment	218,530	31.9	232,630	33.2	14,099	235,320	33.0
Intangible assets, net	2,510	0.4	1,396	0.2	(1,113)	1,556	0.2
Investments and other assets:							
Investments in securities	13,516		19,472			14,121	
Prepaid rents and lease deposits—principally for stores	63,948		55,840			56,784	
Deferred income taxes	2,850		2,479			3,040	
Other assets	2,832		3,093			2,692	
Total investments and other assets	83,146	12.1	80,885	11.5	(2,261)	76,638	10.8
Total fixed assets	304,187	44.4	314,912	44.9	10,724	313,515	44.0
Total Assets	685,286	100.0	701,827	100.0	16,541	712,644	100.0

	As of September 30, 2004		As of September 30, 2005		Increase (Decrease)	As of March 31, 2005	
	Millions of Yen	% of Total	Millions of Yen	% of Total		Millions of Yen	% of Total
(Liabilities)							
Current liabilities:							
Payables—principally trade	44,375		40,091			42,724	
Short-term loans and current maturities of long-term debt	55,048		51,754			53,246	
Commercial paper	—		20,000			—	
Income taxes payable	7,440		9,240			12,521	
Accrued bonuses	4,990		6,340			4,490	
Other current liabilities	13,941		16,431			23,418	
Total current liabilities	125,795	18.3	143,857	20.5	18,061	136,401	19.1
Long-term liabilities:							
Bonds	80,000		80,000			80,000	
Convertible bonds	39,839		39,839			39,839	
Long-term debt, less current maturities	6,250		9,550			8,050	
Deferred income taxes	1,350		1,597			1,190	
Severance and retirement benefits for employees	1,826		—			—	
Severance and retirement benefits for directors and corporate auditors	822		785			800	
Other long-term liabilities	2,561		7,462			7,575	
Total long-term liabilities	132,649	19.4	139,234	19.8	6,584	137,455	19.3
Total liabilities	258,445	37.7	283,091	40.3	24,646	273,856	38.4
(Minority interests)							
Minority interests	2,525	0.4	1,914	0.3	(610)	2,528	0.4
(Stockholders' equity)							
Common stock	35,920	5.2	35,920	5.1	—	35,920	5.0
Capital surplus	91,273	13.3	91,273	13.0	0	91,273	12.8
Retained earnings	313,161	45.7	327,302	46.6	14,140	324,703	45.6
Net unrealized holding gains on securities	1,838	0.3	5,423	0.8	3,584	2,247	0.3
Less treasury stock, at cost	(17,879)	−2.6	(43,099)	−6.1	(25,220)	(17,886)	−2.5
Total stockholders' equity	424,315	61.9	416,820	59.4	(7,494)	436,259	61.2
Total liabilities, minority interests and stockholders' equity	685,286	100.0	701,827	100.0	16,541	712,644	100.0

INTERIM CONSOLIDATED STATEMENTS OF INCOME

	From April 1, 2004 to September 30, 2004		From April 1, 2005 to September 30, 2005		Increase (Decrease)	From April 1, 2004 to March 31, 2005	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Merchandise sales	205,414	77.3 (100.0)	205,178	76.7 (100.0)	(235)	434,142	78.1 (100.0)
Cost of goods sold	147,049	(71.6)	144,985	(70.7)	(2,063)	310,091	(71.4)
Gross profit on merchandise sales	58,365	(28.4)	60,192	(29.3)	1,827	124,050	(28.6)
Other operating revenues:							
Finance charges earned on installment sales	890		875			1,756	
Interest income on consumer loans	29,034		32,628			60,104	
Other revenues	30,469		28,934			60,210	
	60,394	22.7	62,437	23.3	2,043	122,071	21.9
Other operating expenses	22,413		21,940		(473)	45,588	
Other gross profit	37,980		40,497		2,516	76,483	
Total gross profit	96,345	36.2	100,690	37.6	4,344	200,533	36.1
Selling, general and administrative expenses (Note 1)	82,338	30.9	80,421	30.0	(1,916)	163,687	29.5
Operating income	14,007	5.3	20,268	7.6	6,261	36,846	6.6
Other income:							
Interest income	154		108			286	
Income from donation of property	1,291		686			2,135	
Exemption from consumption taxes	–		274			–	
Other non-operating income	714		414			957	
	2,160	0.8	1,483	0.5	(676)	3,379	0.6
Other expenses:							
Interest expenses	905		899			1,806	
Other expenses	127		135			317	
	1,033	0.4	1,035	0.4	1	2,124	0.3
Ordinary income	15,134	5.7	20,717	7.7	5,582	38,102	6.9
Special gains:							
Gain on sale of property and equipment (Note 2)	127		48			137	
Gain on sale of investments in securities	–		9			–	
	127	0.0	58	0.0	(69)	137	0.0
Special losses:							
Loss on disposal of property and equipment (Note 3)	1,798		1,953			3,322	
Loss on sale of property and equipment (Note 4)	35		–			93	
Loss on impairment of fixed assets (Note 5)	–		1,301			–	
Loss on devaluation of investments in securities	21		–			23	
Loss on prior period adjustment (Note 6)	–		349			–	
Special termination benefits paid to employees (Note 7)	575		–			600	
Loss on closing stores (Note 8)	–		–			682	
Loss on devaluation of club membership	–		–			70	
Loss on disposal of subsidiary (Note 9)	–		–			1,730	
Loss on winding up of severance and retirement benefits payment plan (Note 10)	–		–			469	
	2,432	0.9	3,604	1.3	1,171	6,991	1.3
Income before income taxes and minority interests	12,829	4.8	17,171	6.4	4,342	31,248	5.6
Income taxes:							
Current	6,373		8,540			11,980	
Deferred	(1,246)		(1,835)			(37)	
	5,127	1.9	6,704	2.5	1,577	11,942	2.2
Minority interests	74	0.0	55	0.0	(19)	136	0.0
Net income	7,627	2.9	10,411	3.9	2,783	19,168	3.4

INTERIM CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS

	From April 1, 2004 to September 30, 2004	From April 1, 2005 to September 30, 2005	Increase	From April 1, 2004 to March 31, 2005
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
(Capital surplus)				
Capital surplus at the beginning of the period	91,273	91,273	0	91,273
Increase in capital surplus:				
Sale of treasury stock	0	0	0	0
	0	0	0	0
Capital surplus at the end of the period	91,273	91,273	0	91,273
(Retained earnings)				
Retained earnings at the beginning of the period	309,455	324,703	15,247	309,455
Increase in retained earnings:				
Net income	7,627	10,411	2,783	19,168
	7,627	10,411		19,168
Decrease in retained earnings:				
Cash dividends paid	3,866	7,731		3,866
Directors' bonuses	43	80		43
Decrease due to inclusion of subsidiaries	2	-		2
Decrease due to exclusion of subsidiaries	9	-		9
	3,921	7,812	3,890	3,921
Retained earnings at the end of the period	313,161	327,302	14,140	324,703

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	From April 1, 2004 to September 30, 2004	From April 1, 2005 to September 30, 2005	Increase (Decrease)	From April 1, 2004 to March 31, 2005
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Cash flows from operating activities:				
Income before income taxes and minority interests	12,829	17,171		31,248
Depreciation and amortization	8,881	8,449		18,961
Increase in allowance for doubtful accounts	498	800		698
Increase in accrued bonuses	892	1,850		392
Increase in severance and retirement benefits for employees and decrease in prepaid pension expenses	20,264	–		18,437
Interest and dividends income	(261)	(219)		(419)
Interest expenses	1,009	987		2,002
Gain on sale of property and equipment	(127)	(48)		(137)
Loss on disposal of property and equipment	1,477	1,760		2,828
Loss on impairment of fixed assets	–	1,301		–
Loss on devaluation of investments in securities	21	–		–
Loss on disposal of subsidiary	–	–		1,730
Decrease in receivables	2,015	2,496		167
Increase in receivables–consumer loans	(17,636)	(8,153)		(29,726)
Decrease in inventories	1,266	59		1,196
Decrease in payables–principally trade	(5,996)	(2,633)		(7,646)
Decrease in payables of lump-sum severance payments and special severance indemnities	(231)	–		(978)
Bonuses paid to directors	(43)	(80)		(43)
Other, net	2,060	(1,545)		5,975
Sub-total	26,920	22,193	(4,726)	44,686
Interest and dividends income received in cash	258	190		303
Interest expenses paid in cash	(826)	(750)		(2,057)
Income taxes paid in cash	(114)	(12,130)		(1,832)
Net cash provided by operating activities	26,236	9,503	(16,733)	41,100
Cash flows from investing activities:				
Net decrease in short-term loans receivable	363	0		503
Payments for purchase of property and equipment	(13,880)	(12,213)		(29,758)
Proceeds from sale of property and equipment	214	113		215
Purchase of investments in securities	(102)	(1)		(19)
Proceeds from sale of investments in securities	5	20		5
Purchase of stocks of subsidiaries	–	(690)		(60)
Payments of leasehold deposits	(312)	(637)		(514)
Refunds of leasehold deposits	2,515	1,709		10,002
Other, net	168	(61)		518
Net cash used in investing activities	(11,028)	(11,760)	(732)	(19,105)
Cash flows from financing activities:				
Net increase (decrease) in short-term loans	(6,252)	508		(10,055)
Proceeds from long-term debt	–	1,500		3,800
Repayments of long-term debt	–	(2,000)		–
Net increase in commercial paper	–	20,000		–
Payments for purchase of treasury stock	(3)	(25,248)		(10)
Dividends paid	(3,866)	(7,731)		(3,866)
Other, net	(4)	(8)		(3)
Net cash used in financing activities	(10,126)	(12,980)	(2,854)	(10,135)
Effect of exchange rate changes on cash and cash equivalents	–	–	–	–
Increase (decrease) in cash and cash equivalents	5,081	(15,238)	(20,319)	11,859
Cash and cash equivalents at the beginning of the period	41,547	53,305	11,758	41,547
Decrease of cash and cash equivalents due to inclusion/exclusion of a subsidiaries in the consolidation	(100)	–	100	(100)
Cash and cash equivalents at the end of the period	46,528	38,067	(8,460)	53,305

BASIS OF PRESENTING INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim period ended September 2004 (from April 1, 2004 to September 30, 2004)	Interim period ended September 2005 (from April 1, 2005 to September 30, 2005)	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)
<p>1.Scope of consolidation</p> <p>(1)Consolidated subsidiaries:16 companies</p> <p>Names of main consolidated companies: Moving Co., Ltd., Zero First Co., Ltd., AIM Create Co., Ltd., CSC Co., Ltd., and M&C System Co., Ltd.</p> <p>From the interim period ended September 30, 2004, Marui Palette Co., Ltd., and Marui Fashion Navi. Co., Ltd., were included within the scope of consolidation because of their increased effect on consolidated financial statements, and Tokyo Moving Co., Ltd., Tokai Moving Co., Ltd., Saikyo Moving Co., Ltd., and Keiyo Moving Co., Ltd., were included within the scope of consolidation to reflect their establishment on April 8, 2004.Further, Marui Fashion Freak Co., Ltd., was excluded from the scope of consolidation from the interim period ended September 30, 2004, because it became scheduled for liquidation due a decision to dissolve the company on May 11, 2004.</p> <p>(2)Names of non-consolidated subsidiaries Virgin Megastores Japan Ltd., Marui Kit Center Co., Ltd., Kitasenju Toshi Kaihatsu Co., Ltd., Totsuka Shogyobiru Kanri Co., Ltd., Shiki Toshi Kaihatsu Co., Ltd.,</p> <p>Reason for exclusion from scope of consolidation: The combined total assets, sales, net income (amounts corresponding to equity holdings), retained earnings (amounts corresponding to equity holdings), and other factors relating to the five nonconsolidated subsidiaries do not significantly affect consolidated financial statements.</p>	<p>1.Scope of consolidation</p> <p>(1)Consolidated subsidiaries:18 companies</p> <p>Names of main consolidated companies: Moving Co., Ltd., Marui Card Co., Ltd., Marui M's Mode Co., Ltd., Marui Palette Co., Ltd., Marui Fashion Navi. Co., Ltd., Marui Access Co., Ltd., AIM Create Co., Ltd., Zero First Co., Ltd., M&C System Co., Ltd., Marui Smart Support Co., Ltd., CSC Co., Ltd., Marui Seasoning Co., Ltd and MRI Servicer Co., Ltd..</p> <p>(2)Names of non-consolidated subsidiaries Marui Kit Center Co., Ltd., Kitasenju Toshi Kaihatsu Co., Ltd., Totsuka Shogyobiru Kanri Co., Ltd., Shiki Toshi Kaihatsu Co., Ltd.,</p> <p>Reason for exclusion from scope of consolidation: The combined total assets, sales, net income (amounts corresponding to equity holdings), retained earnings (amounts corresponding to equity holdings), and other factors relating to the four nonconsolidated subsidiaries do not significantly affect consolidated financial statements.</p>	<p>1.Scope of consolidation</p> <p>(1)Consolidated subsidiaries:18 companies</p> <p>Names of main consolidated companies: Moving Co., Ltd., Marui M's Mode Co., Ltd., Marui Palette Co., Ltd., Marui Fashion Navi. Co., Ltd., Marui Access Co., Ltd., AIM Create Co., Ltd., Zero First Co., Ltd., M&C System Co., Ltd., Marui Smart Support Co., Ltd., CSC Co., Ltd., and Marui Seasoning Co., Ltd.</p> <p>In addition, from the fiscal year ended March 31, 2005, Marui Palette Co., Ltd., and Marui Fashion Navi. Co., Ltd., were included within the scope of consolidation because of their increased effect on consolidated financial statements, and Marui Card Co., Ltd. (established October 1, 2004), MRI Servicer Co., Ltd., (established November 25, 2004), Tokyo Moving Co., Ltd., (established April 8, 2004), Tokai Moving Co., Ltd., (established April 8, 2004), Saikyo Moving Co., Ltd., (established April 8, 2004), and Keiyo Moving Co., Ltd., (established April 8, 2004), were included within the scope of consolidation to reflect their establishment. Further, Marui Fashion Freak Co., Ltd., was excluded from the scope of consolidation from the fiscal year ended March 31, 2005, because a decision to dissolve the company was taken on May 11, 2004, and the completion of special liquidation procedures was determined on February 28, 2005.</p> <p>(2)Names of non-consolidated subsidiaries Same as on the left</p> <p>Reason for exclusion from scope of consolidation: Same as on the left</p>
<p>2.Application of the equity method The equity method has not been applied to five nonconsolidated subsidiaries: Virgin Megastores Japan Ltd., Marui Kit Center Co., Ltd., Kitasenju Toshi Kaihatsu Co., Ltd., Totsuka Shogyobiru Kanri Co., Ltd., and Shiki Toshi Kaihatsu Co., Ltd., and three affiliates: Mizonokuchi Shintoshi Co., Ltd., Nakano Sun cuore Co., Ltd., Mito Toshi Kaihatsu Co., Ltd., because their net income (amounts corresponding to equity holdings) and retained earnings (amounts corresponding to equity holdings) do not significantly affect consolidated financial statements.</p>	<p>2.Application of the equity method The equity method has not been applied to four nonconsolidated subsidiaries:Marui Kit Center Co., Ltd., Kitasenju Toshi Kaihatsu Co., Ltd., Totsuka Shogyobiru Kanri Co., Ltd., and Shiki Toshi Kaihatsu Co., Ltd., and three affiliates: Mizonokuchi Shintoshi Co., Ltd., Nakano Sun cuore Co., Ltd., Mito Toshi Kaihatsu Co., Ltd., because their net income (amounts corresponding to equity holdings) and retained earnings (amounts corresponding to equity holdings) do not significantly affect consolidated financial statements.</p>	<p>2.Application of the equity method Same as on the left</p>

Interim period ended September 2004 (from April 1, 2004 to September 30, 2004)	Interim period ended September 2005 (from April 1, 2005 to September 30, 2005)	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)
3.Closing date of consolidated subsidiaries The closing date of consolidated subsidiaries coincides with the consolidated closing date.	3.Closing date of consolidated subsidiaries Same as on the left	3.Closing date of consolidated subsidiaries Same as on the left
<p>4.Significant accounting policies</p> <p>(1)Basis and method of valuation of major assets</p> <p><input type="checkbox"/> Securities Available-for-sale securities with available fair market value: Calculated according to the market value method based on market values on consolidated settlement date (unrealized gains and losses are recorded in stockholders' equity, realized gains and losses are calculated used the moving average method).</p> <p>With no available fair market value: Stated at carried cost using the moving average method.</p> <p><input type="checkbox"/> Inventories Principally calculated using the retail method.</p> <p>(2) Depreciation and amortization of major Fixed assets</p> <p><input type="checkbox"/> Property and equipment Calculated using the declining-balance method based on the estimated useful lives of the assets in accordance with the Japanese Corporate Tax Law. However, the Company employs its own method for estimating the useful lives of the Company's store buildings.</p> <p><input type="checkbox"/> Intangible assets Calculated using the straight-line method based on the estimated useful lives of the assets in accordance with the Japanese Corporate Tax Law. However, the amortization of software for sale is provided by the greater of the amount calculated using the expected sales revenues or the amount calculated over the expected marketable period (within three years).</p> <p>(3) Accounting policies for principal allowances</p> <p><input type="checkbox"/> allowance for doubtful accounts Provision is made for losses arising from the non-payment of receivables according to estimates of unrecoverable amounts, based on the historical rate of actual losses for general receivables and on examinations of the collectibility of specific doubtful accounts.</p> <p><input type="checkbox"/> Accrued bonuses Provision is made for the payment of bonuses to employees based on the portion of the estimated amount of bonus payments applicable to the said fiscal period.</p> <p><input type="checkbox"/> Severance and retirement benefits for employees Provision is made for the payment of severance and retirement benefits for employees by recognizing severance and retirement benefit obligations and pension</p>	<p>4.Significant accounting policies</p> <p>(1)Basis and method of valuation of major assets</p> <p><input type="checkbox"/> Securities Same as on the left</p> <p><input type="checkbox"/> Inventories Same as on the left</p> <p>(2)Depreciation and amortization of major Fixed assets</p> <p><input type="checkbox"/> Property and equipment Same as on the left</p> <p><input type="checkbox"/> Intangible assets Same as on the left</p> <p>(3) Accounting policies for principal allowances</p> <p><input type="checkbox"/> allowance for doubtful accounts Same as on the left</p> <p><input type="checkbox"/> Accrued bonuses Same as on the left</p> <p><input type="checkbox"/> Severance and retirement benefits for employees</p>	<p>4.Significant accounting policies</p> <p>(1)Basis and method of valuation of major assets</p> <p><input type="checkbox"/> Securities Same as on the left</p> <p><input type="checkbox"/> Inventories Same as on the left</p> <p>(2)Depreciation and amortization of major Fixed assets</p> <p><input type="checkbox"/> Property and equipment Same as on the left</p> <p><input type="checkbox"/> Intangible assets Same as on the left</p> <p>(3) Accounting policies for principal allowances</p> <p><input type="checkbox"/> allowance for doubtful accounts Same as on the left</p> <p><input type="checkbox"/> Accrued bonuses Same as on the left</p> <p><input type="checkbox"/> Severance and retirement benefits for employees</p>

Interim period ended September 2004 (from April 1, 2004 to September 30, 2004)	Interim period ended September 2005 (from April 1, 2005 to September 30, 2005)	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)
<p>assets at the end of the interim period based on estimated severance and retirement benefit obligations and pension assets at the end of the current fiscal year.</p> <p>Further, actuarial gains and losses are charged to expenses in the following consolidated fiscal year and calculated, based on the average remaining service years of employees (9 years) when incurred, using the straight-line method.</p> <p>In addition, prior service cost is charged to in the following consolidated fiscal year and calculated, based on the average remaining service years of employees (9 years) when incurred, using the straight-line method.</p> <p>(Additional information) Accounting procedures associated with the refund of pension assets: Accounting procedures related to the refund to the Company of the fund excess amount of pension assets related to an approved retirement annuity system in the fiscal period were implemented in accordance with the amended "Accounting Committee Report No.13 Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" issued by the Japanese Institute of Certified Public Accountants on October 4, 2004.</p> <p>()Severance and retirement benefits for directors and corporate statutory auditors Provision is made for the payment of required amounts of directors' severance and retirement benefits based on the Company's in-house payment rules.</p> <p>(4)Accounting for significant lease transactions With the exception of leases for which the ownership of the leased assets is considered to be transferred to the lessee, finance lease transactions are accounted for in accordance with standard accounting procedures for lease transactions.</p> <p>(5)Other significant items concerning the basis of presenting interim consolidated financial statements</p>	<p>()Severance and retirement benefits for directors and corporate statutory auditors Same as on the left</p> <p>(4)Accounting for significant lease transactions Same as on the left</p> <p>(5)Other significant items concerning the basis of presenting interim consolidated financial statements</p>	<p>(Additional information) Accounting procedures associated with the refund of pension assets: Same as on the left</p> <p>Accounting procedures associated with winding up of severance and retirement benefits payment plan: On January 31, 2005, all employees subject to the Company's severance and retirement benefits payment plan retired through transfer to subsidiaries. As a result, the Company recognized ¥469 million related to a lump-sum severance and retirement benefit payment plan approved retirement annuity plan as an extraordinary loss, "loss on winding up of severance and retirement benefits payment plan" in accordance with Accounting Standards Implementation Guidance No. 1, "Implementation Guidance on Accounting for the Transfer between Retirement Benefit Plans," issued by the Accounting Standards Board of Japan on January 31, 2002.</p> <p>()Severance and retirement benefits for directors and corporate statutory auditors Same as on the left</p> <p>(4)Accounting for significant lease transactions Same as on the left</p> <p>(5)Other significant items concerning the basis of presenting consolidated financial statements</p>

Interim period ended September 2004 (from April 1, 2004 to September 30, 2004)	Interim period ended September 2005 (from April 1, 2005 to September 30, 2005)	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)
<p>() Treatment of consumption tax Consumption taxes are accounted for in accordance with the tax excluded method. However, consumption taxes not subject to exemptions are accounted for as expenses in the fiscal period in which they are incurred.</p> <p>() Treatment of amounts for reserve for compression of fixed assets and extraordinary depreciation reserve The amounts of taxes payment and deferred income taxes for the interim period are calculated based on the funding of or transfer from the reserve for compression of fixed assets and extraordinary depreciation reserve in accordance with planned appropriation of earnings in the current fiscal year.</p>	<p>() Treatment of consumption tax Same as on the left</p> <p>() Treatment of amounts for reserve for compression of fixed assets and extraordinary depreciation reserve Same as on the left</p>	<p>() Treatment of consumption tax Same as on the left</p>
<p>5.Scope of cash in interim consolidated statements of cash flows In preparing the consolidated statements of cash flows, cash, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.</p>	<p>5.Scope of cash in interim consolidated statements of cash flows Same as on the left</p>	<p>5.Scope of cash in consolidated statements of cash flows Same as on the left</p>

CHANGE OF BASIS OF PRESENTING INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim period ended September 2004 (from April 1, 2004 to September 30, 2004)	Interim period ended September 2005 (from April 1, 2005 to September 30, 2005)	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)
	<p>Accounting standards for the impairment of fixed assets</p> <p>From the interim period, the Company adopted a new accounting standard for the impairment of fixed assets (“Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for accounting standard for impairment of fixed assets (the Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). As a result, income before income taxes and minority interests in the interim period decreased ¥1,301 million.</p> <p>Further, cumulative impairment loss was deducted directly from respective assets in accordance with the amended rules for consolidated financial statements.</p>	

NOTES

(Consolidated Balance Sheets)

As of September 30, 2004	As of September 30, 2005	As of March 31, 2005
<p>Note 1 Accumulated depreciation on property and equipment was ¥194,701 million.</p> <p>Contingent liabilities Guaranteed liabilities Liability guarantees were made for housing loan contracts of ¥8 million for the employees of the Company and its subsidiaries.</p>	<p>Note 1 Accumulated depreciation on property and equipment was ¥194,047 million.</p>	<p>Note 1 Accumulated depreciation on property and equipment was ¥195,564 million.</p> <p>Contingent liabilities Guaranteed liabilities Liability guarantees were made for housing loan contracts of ¥6 million for the employees of the Company and its subsidiaries.</p>

(Consolidated Statements of Income)

Interim period ended September 2004 (from April 1, 2004 to September 30, 2004)	Interim period ended September 2005 (from April 1, 2005 to September 30, 2005)	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)																														
<p>Note 1 The main expense items and amounts comprising selling, general and administrative expenses were as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Provision for doubtful accounts</td><td style="text-align: right;">4,782</td></tr> <tr><td>Wages and Salaries</td><td style="text-align: right;">21,622</td></tr> <tr><td>Provision for bonuses</td><td style="text-align: right;">4,455</td></tr> <tr><td>Rents</td><td style="text-align: right;">9,736</td></tr> <tr><td>Depreciation and amortization</td><td style="text-align: right;">8,402</td></tr> </table>	Provision for doubtful accounts	4,782	Wages and Salaries	21,622	Provision for bonuses	4,455	Rents	9,736	Depreciation and amortization	8,402	<p>Note 1 The main expense items and amounts comprising selling, general and administrative expenses were as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Provision for doubtful accounts</td><td style="text-align: right;">5,650</td></tr> <tr><td>Wages and Salaries</td><td style="text-align: right;">19,921</td></tr> <tr><td>Provision for bonuses</td><td style="text-align: right;">5,675</td></tr> <tr><td>Rents</td><td style="text-align: right;">9,243</td></tr> <tr><td>Depreciation and amortization</td><td style="text-align: right;">7,745</td></tr> </table>	Provision for doubtful accounts	5,650	Wages and Salaries	19,921	Provision for bonuses	5,675	Rents	9,243	Depreciation and amortization	7,745	<p>Note 1 The main expense items and amounts comprising selling, general and administrative expenses were as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Provision for doubtful accounts</td><td style="text-align: right;">9,845</td></tr> <tr><td>Wages and Salaries</td><td style="text-align: right;">46,237</td></tr> <tr><td>Provision for bonuses</td><td style="text-align: right;">4,097</td></tr> <tr><td>Rents</td><td style="text-align: right;">18,913</td></tr> <tr><td>Depreciation and amortization</td><td style="text-align: right;">17,927</td></tr> </table>	Provision for doubtful accounts	9,845	Wages and Salaries	46,237	Provision for bonuses	4,097	Rents	18,913	Depreciation and amortization	17,927
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<p>Note 2 Gain on sale of property and equipment was as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Land</td><td style="text-align: right;">123</td></tr> <tr><td>Other</td><td style="text-align: right;">3</td></tr> <tr><td>Total</td><td style="text-align: right;">127</td></tr> </table>	Land	123	Other	3	Total	127	<p>Note 2 Gain on sale of property and equipment was as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Land</td><td style="text-align: right;">36</td></tr> <tr><td>Other</td><td style="text-align: right;">12</td></tr> <tr><td>Total</td><td style="text-align: right;">48</td></tr> </table>	Land	36	Other	12	Total	48	<p>Note 2 Gain on sale of property and equipment was as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Land</td><td style="text-align: right;">123</td></tr> <tr><td>Other</td><td style="text-align: right;">13</td></tr> <tr><td>Total</td><td style="text-align: right;">137</td></tr> </table>	Land	123	Other	13	Total	137												
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<p>Note 3 Loss on disposal of property and equipment was as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Buildings and structures</td><td style="text-align: right;">1,224</td></tr> <tr><td>Fixtures and equipment</td><td style="text-align: right;">225</td></tr> <tr><td>Removal cost</td><td style="text-align: right;">349</td></tr> <tr><td>Total</td><td style="text-align: right;">1,798</td></tr> </table>	Buildings and structures	1,224	Fixtures and equipment	225	Removal cost	349	Total	1,798	<p>Note 3 Loss on disposal of property and equipment was as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Buildings and structures</td><td style="text-align: right;">1,395</td></tr> <tr><td>Fixtures and equipment</td><td style="text-align: right;">363</td></tr> <tr><td>Removal cost</td><td style="text-align: right;">194</td></tr> <tr><td>Total</td><td style="text-align: right;">1,953</td></tr> </table>	Buildings and structures	1,395	Fixtures and equipment	363	Removal cost	194	Total	1,953	<p>Note 3 Loss on disposal of property and equipment was as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Buildings and structures</td><td style="text-align: right;">2,169</td></tr> <tr><td>Fixtures and equipment</td><td style="text-align: right;">659</td></tr> <tr><td>Removal cost</td><td style="text-align: right;">493</td></tr> <tr><td>Total</td><td style="text-align: right;">3,322</td></tr> </table>	Buildings and structures	2,169	Fixtures and equipment	659	Removal cost	493	Total	3,322						
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<p>Note 4 Loss on sale of property and equipment was as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Land</td><td style="text-align: right;">26</td></tr> <tr><td>Fixtures and equipment and other</td><td style="text-align: right;">9</td></tr> <tr><td>Total</td><td style="text-align: right;">35</td></tr> </table>	Land	26	Fixtures and equipment and other	9	Total	35	<p>Note 4 —</p>	<p>Note 4 Loss on sale of property and equipment was as follows:</p> <p style="text-align: right;">(Millions of Yen)</p> <table border="0"> <tr><td>Fixtures and equipment and other</td><td style="text-align: right;">57</td></tr> <tr><td>Land</td><td style="text-align: right;">26</td></tr> <tr><td>Other</td><td style="text-align: right;">9</td></tr> <tr><td>Total</td><td style="text-align: right;">93</td></tr> </table>	Fixtures and equipment and other	57	Land	26	Other	9	Total	93																
Land	26																															
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<p>Note 5 —</p>	<p>Note 5 The Company and its consolidated subsidiaries recognized asset impairment losses for the following asset groups:</p> <p style="text-align: right;">(Millions of yen)</p> <p>Store</p> <table border="0"> <tr><td>Marui Fujisawa store (Scheduled February 2006 closure)</td><td></td></tr> <tr><td> Building</td><td style="text-align: right;">651</td></tr> <tr><td> Other</td><td style="text-align: right;">13</td></tr> <tr><td>Land for lease property (Musashino, Tokyo)</td><td style="text-align: right;">384</td></tr> <tr><td>Land (Tsuchiura, Ibaraki prefecture)</td><td style="text-align: right;">251</td></tr> <tr><td>Total</td><td style="text-align: right;">1,301</td></tr> </table> <p>The Company and its consolidated subsidiaries treat stores as the smallest units and the base units that generate cash flows. Further, lease property is grouped according to unit comprising separate properties. Regarding the abovementioned assets, the book value of stores scheduled for closure and of asset groups for which the market value is markedly lower than the book value is reduced to the collectible amount, and the amount of the reduction is recognized as</p>	Marui Fujisawa store (Scheduled February 2006 closure)		Building	651	Other	13	Land for lease property (Musashino, Tokyo)	384	Land (Tsuchiura, Ibaraki prefecture)	251	Total	1,301	<p>Note 5 —</p>																		
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Interim period ended September 2004 (from April 1, 2004 to September 30, 2004)	Interim period ended September 2005 (from April 1, 2005 to September 30, 2005)	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)
	impairment loss in extraordinary loss. Further, the collectible amounts for asset groups are based on measurements of net sale values. Land is evaluated using the road-rating method based on the inheritance tax evaluation amount. Also, the net sale value of stores following closure is assessed as zero because store facilities are scheduled for disposal.	
Note 6 —	Note 6 Loss on prior period adjustment was attributable to a reduction in refund of retained earnings to the Company due to a higher-than-expected increase in the amount of pensions at present value distributed to those eligible to receive severance and retirement benefits, which resulted from the winding up of a lump-sum severance and retirement benefit payment plan / approved retirement annuity system in the previous fiscal year.	Note 6 —
Note 7 Special severance and retirement benefits are business-start-up/ job-seeker support funds paid to employees that elected to retire in relation one consolidated subsidiary's the transfer to a new personnel system from October 1, 2004.	Note 7 —	Note 7 Special severance and retirement benefits are business-start-up/ job-seeker support funds paid to employees that elected to retire in relation one consolidated subsidiary's the transfer to a new personnel system from October 1, 2004
Note 8 —	Note 8 —	Note 8 Loss on closing stores is as follows: (Millions of Yen) Restoration cost 214 Lease contract termination penalties 207 <u>Other</u> 260 Total 682
Note 9 —	Note 9 —	Note 9 As a result of the transfer of shares of Virgin Megastores Japan Ltd., loss on disposal of subsidiary was recognized.
Note 10 —	Note 10 —	Note 10 Loss on winding up of severance and retirement benefits payment plan was incurred as a result of the termination of a lump-sum severance and retirement benefit payment plan / approved retirement annuity plan

(Consolidated Statements of Cash Flows)

Interim period ended September 2004 (from April 1, 2004 to September 30, 2004)	Interim period ended September 2005 (from April 1, 2005 to September 30, 2005)	Fiscal year ended March 2005 (from April 1, 2004 to March 31, 2005)
Cash and cash equivalents at the end of the period of ¥46,528 million matches the total amount of cash and deposits recorded in consolidated balance sheets.	Cash and cash equivalents at the end of the period of ¥38,067 million matches the total amount of cash and deposits recorded in consolidated balance sheets.	Cash and cash equivalents at the end of the Fiscal year of ¥53,305 million matches the total amount of cash and deposits recorded in consolidated balance sheets.

(Lease transaction)

Because disclosure is made via EDINET, details of lease transactions are not included in this interim report.

(Securities)

As of September 30, 2004, the end of the previous interim period

1 Other securities with available fair value

(Millions of yen)

Type	Acquisition cost	Book value	Difference
Equity securities	9,858	12,964	3,105

2 Summary of main securities with no available fair value

(Millions of yen)

Summary	Book value
Other securities Non-listed equity securities (over-the-counter securities excluded)	170

As of September 30, 2005, the end of the interim period under review

1 Other securities with available fair value

(Millions of yen)

Type	Acquisition cost	Book value	Difference
Equity securities	9,849	19,005	9,156

2 Summary of main securities with no available fair value

(Millions of yen)

Summary	Book value
Other securities Non-listed equity securities	185

As of March 31, 2005, the previous fiscal year-end

1 Other securities with available fair value

(Millions of yen)

Type	Acquisition cost	Book value	Difference
Equity securities	9,858	13,655	3,796

2 Summary of main securities with no available fair value

Summary	Book value (millions of yen)
Other securities Non-listed equity securities	185

(Derivative Transactions)

Because disclosure is made via EDINET, details of derivative transactions are not included in this interim report.

(Segment Information)

Segment information by operational type

Interim period ended September 30, 2004

(Millions of yen)

	Merchandising	Credit and consumer services	Other	Total	Elimination or corporate	Consolidated
Operating revenues						
(1) Outside customers	205,525	33,736	26,546	265,808	—	265,808
(2) Inter-segment	—	—	23,848	23,848	-23,848	—
Total	205,525	33,736	50,395	289,657	-23,848	265,808
Operating expenses	201,858	23,923	47,833	273,614	-21,813	251,801
Operating income	3,667	9,812	2,562	16,042	-2,034	14,007

Interim period ended September 30, 2005

(Millions of yen)

	Merchandising	Credit card and consumer finance services	Merchandising- related services	Total	Elimination or corporate	Consolidated
Operating revenues						
(1) Outside customers	205,178	36,028	26,409	267,616	—	267,616
(2) Inter-segment	—	—	23,758	23,758	-23,758	—
Total	205,178	36,028	50,167	291,374	-23,758	267,616
Operating expenses	197,395	24,300	47,625	269,322	-21,975	247,347
Operating income	7,782	11,727	2,541	22,051	-1,782	20,268

Fiscal year ended March 31, 2005

(Millions of yen)

	Merchandising	Credit and consumer services	Other	Total	Elimination or corporate	Consolidated
Operating revenues						
(1) Outside customers	434,142	69,220	52,850	556,213	—	556,213
(2) Inter-segment	—	—	48,229	48,229	-48,229	—
Total	434,142	69,220	101,080	604,443	-48,229	556,213
Operating expenses	417,725	51,188	95,912	564,825	-45,458	519,367
Operating income	16,417	18,032	5,167	39,617	-2,770	36,846

Note 1: Method of classifying operational segments

Operational classification reflects the classification that the Company employs for internal operational management.

Note 2: Summary of operational segments

(Interim period ended September 30, 2004)

Merchandising

sale of apparel, luxury and accessory goods, furniture and household goods, and foodstuffs

Credit and consumer services

operation of in-house credit cards, installment sales operations, handling of consumer loans and insurance, and agency services for housing, driving schools, and other services

Other

truck logistics operations, store remodeling, advertising, software development, building management and maintenance, and real estate leasing operations primarily targeting corporate clients

(Interim period ended September 30, 2005)

Merchandising

sale of apparel, luxury and accessory goods, furniture and household goods, and foodstuffs

Credit card and consumer finance services

operation of in-house credit cards, installment sales operations, handling of consumer loans and insurance and other services

Merchandising-related services

truck logistics operations, store remodeling, advertising, software development, building management and maintenance, and real estate leasing operations primarily targeting corporate clients

(Fiscal year ended March 31, 2005)

Merchandising

sale of apparel, luxury and accessory goods, furniture and household goods, and foodstuffs

Credit and consumer services

operation of in-house credit cards, installment sales operations, handling of consumer loans and insurance, and agency services for housing, driving schools, and other services

Other

truck logistics operations, store remodeling, advertising, software development, building management and maintenance, and real estate leasing operations primarily targeting corporate clients

Note 3: In operating expenses, unallocated operating expenses included in the item elimination or corporate largely comprise costs associated with the management division of the Company's headquarter:

	Millions of yen
Interim period ended September 30, 2004	2,073
Interim period ended September 30, 2005	2,066
Fiscal year ended March 31, 2005	4,127

Note 4: Change in operational segments

In the interim period ended September 30, 2005, the Company reorganized internal management and transferred certain operations. The Company changed the previous classification of operational segments from merchandising, credit and consumer services, and other to merchandising, credit card and consumer finance services, and merchandising-related services. As a result, certain services previously handled by credit and consumer services were reclassified under merchandising-related services.

Further, the effect of that change on the operating revenues of credit card and consumer finance services and merchandising-related services is minimal.

Segment Information by Geographic Area

No items have been included because the Company did not have any overseas consolidated subsidiaries or overseas branches in the interim period ended September 30, 2004, in the interim period ended September 30, 2005, or in the fiscal year ended March 31, 2005.

Overseas Operating Revenues

A summary of overseas revenues has not been included because overseas revenues amounted to less than 10% of consolidated total operating revenues in the interim period ended September 30, 2004, in the interim period ended September 30, 2005, and in the fiscal year ended March 31, 2005.

(Per Share Information)(Yen)

	Interim period ended September 30, 2004	Interim period ended September 30, 2005	Fiscal year ended March 31, 2005
Net assets per share	1,207.31	1,238.89	1,241.08
Net income per share	21.70	30.18	54.31
Diluted net income per share	20.99	29.00	52.34

Notes: The basis for calculation of net income per share and of diluted net income per share is as follows:

	Interim period ended September 30, 2004	Interim period ended September 30, 2005	Fiscal year ended March 31, 2005
Net income per share			
Net income (millions of yen)	7,627	10,411	19,168
Amount not belonging to common stock (millions of yen)	—	—	80
(Bonuses to directors from retained earnings (millions of yen))	(—)	(—)	(80)
Net income available to common stockholders (millions of yen)	7,627	10,411	19,088
Average number of common shares (thousands of shares)	351,456	344,988	351,454
Diluted net income per share			
Adjustment to Net income (millions of yen)	137	137	275
Interest payments (following deduction of applicable tax amounts (millions of yen))	(135)	(136)	(270)
Increase in number of common shares (thousands of shares)	18,503	18,717	18,503
Convertible bonds (thousands of shares)	(18,503)	(18,503)	(18,503)
Subscription warrant (thousands of shares)	—	(213)	—
Residual securities not included in calculation of diluted net income per share due to absence of dilutive effect	—	—	—

(Subsequent events)

No applicable items.

Breakdown of total operating revenues

Category	Interim period ended September 30, 2004		Interim period ended September 30, 2005			Fiscal year ended March 31, 2005	
	Millions of Yen	Percentage of total	Millions of Yen	Percentage of total	Percentage of increase	Millions of Yen	Percentage of total
Women's apparel	69,339	26.1	70,132	26.2	101.1	147,204	26.5
Men's apparel and sporting goods	36,664	13.8	39,229	14.7	107.0	82,515	14.8
Luxury and accessory goods	59,677	22.4	57,405	21.5	96.2	122,651	22.1
Furniture and household goods	14,007	5.3	13,459	5.0	96.1	28,293	5.1
Foodstuffs and restaurant sales	25,724	9.7	24,951	9.3	97.0	53,476	9.6
Total merchandise sales	205,414	77.3	205,178	76.7	99.9	434,142	78.1
Financial charges earned on installment sales	890	0.3	875	0.3	98.3	1,756	0.3
Interest income on consumer loans	29,034	10.9	32,628	12.2	112.4	60,104	10.8
Other operating revenues	30,469	11.5	28,934	10.8	95.0	60,210	10.8
Total operating revenues	265,808	100.0	267,616	100.0	100.7	556,213	100.0

Note: Other operating revenues comprises annual fees from house credit cards, insurance agency and other services, truck logistics operations, store remodeling operations, advertising operations, software development operations, building management and maintenance operations, and real estate leasing operations.